GHABBOUR AUTO

ANNUAL REPORT 2012

From brands to products,
to geography, GB Auto is

DELIVERING DIVERSITY

CONTENTS

The doors of our region are open to those with the desire to explore the treasures inside.

Message from the CEO

Despite the very real improvements in both our top and bottom lines on the back of strong management and persistent market fundamentals, the year just ended was substantially more challenging than was 2011, the year of the Revolution. Looking forward, we expect 2013 to be more complex still.

But however difficult the months ahead may be, two things are clear: We have an opportunity to post both improved margins and gains in net income as we react decisively to tough and fluid market dynamics in Egypt. Simultaneously, we will focus on growing our Iraqi operations even as we roll-out operations across the two new exciting markets of Libya and Algeria.

The facts speak for themselves in 2012, as they will again this year: We maintained leadership of the Egyptian passenger car market despite a supply shortage of key CBU models that saw us fall quite short of combined market demand in Egypt and Iraq. We added Geely passenger cars to our portfolio of brands, rounding out our already-competitive product offering. Our Motorcycles and Three Wheelers division posted a record year; Commercial Vehicles and Construction Equipment continued its decisive recovery; our Financing Businesses exceeded expectations; and we have completed the build-out of what was — prior to its expansion — already Egypt's largest after-sales network, where the final grand opening in this growth phase is expected in the first half of 2013.

Furthermore, we soft-launched our GB Academy, laid the groundwork for an exciting new Graduate Training Program that will combine classroom and on-the-job training, announced the completion of our C-level team with four key appointments and laid the groundwork for the next step in our regionalization drive. We also took steps to reinforce individual performance appraisal at all levels, and to ensure our compensation arrangements genuinely align rewards directly to individual performance.

It has become cliché to say that 2013 represents "uncharted waters" for our industry and our nation, but the simple fact is that it does not: I have managed businesses through equally difficult times, having entered business when the US dollar was trading at 0.67 to the Egyptian pound and finding myself within a decade trading in an environment where the USD was worth LE 3.42.

In light of what we know today, I am increasingly of the belief that GB Auto stands to emerge from 2013 with healthier net margins and notable bottom-line growth. We expect the significant, ongoing weakening of the Egyptian pound to result in economic dislocations including substantial inflation. Egypt's total passenger car market size will shrink as a result, but the scarcity of foreign exchange will see the volume of product coming to market shrink faster than will demand.

Against this background, we have since 2012 been deploying a range of methods to ensure GB Auto has access to the foreign-currency liquidity it needs to deliver an uninterrupted supply of passenger car units to the domestic market. Income from our regional businesses provides an additional buffer in this regard.

With sufficient inventories and a guaranteed allocation in Egypt and Iraq from Hyundai Motor Co., our key global partner, I am convinced we will have product at a level that will allow us to meet market demand. (Our allocation for Iraq is up significantly on 2012 levels.)

We also have what our American friends call an "ace up our sleeve": While we expect CBU prices to rise in parallel with devaluation and certainly some of our competitors will face liquidity-related challenges that further constrict supply, we have an unrivaled ability to shift sales toward CKD models. Long-term shareholders will recall that prior to 2004, the domestic market was c. 60% CKD and 40% CBU, a ratio that has since flipped. With prices on CBU models set to rise faster than on CKD — and with a stark absence of public transportation options — many of our clients will remain clients, but will settle on the more economical assembled-in-Egypt option.

In this context, I note that we believe we have sufficient Verna CKD kits to meet market demand through mid-to-late 2014.

As we optimize production at our new paint shop, we will shortly find ourselves with the capacity to meet rising market demand for locally assembled Verna, Emgrand7 and — shortly — other key products as never before. We are, moreover, exploring creative uses for our old paint shop with a view to how we can further optimize domestic production for more cost-conscious consumers.

Against this backdrop, I am pleased to report that the Geely Emgrand7 has met with very wide market acceptance. On the CKD front, our emphasis at the end of 2012 was on production in limited quantities to ensure we could deliver to market at an outstanding quality standard. With a handful of refinements to the process set to be implemented by March, we will begin ramping up production.

The Commercial Vehicles and Construction Equipment line of business remains a bellwether sector exposed to the vagaries of the broader economy, and a full recovery awaits a resumption of broad-based commercial and tourism growth. That said, I am for the first time in several years guardedly optimistic about the outlook for this key business line. Already, the favorable movement of

the Japanese yen is making our Japanese products including the Fuso chassis substantially more price-competitive in the local market. Moreover, the devaluation of the Egyptian pound presents an opportunity to continue the liquidation of historical high-COGS imported inventory including steel and imported components in trailers, Swedish bus and truck chasse and the like.

Meanwhile, I am absolutely delighted with the new product innovation on the bus front coming out of GB Polo and due to market in the coming two months, and I look forward to delivering very important news regarding a new product offering later this year.

Our goal for the Commercial Vehicles and Construction Equipment LOB is simple: To prove that we had the management skills, vision and persistence to turn a loss-making line of business into a profit center.

We see continued solid prospects for the Motorcycles and Three-Wheelers division, where motorcycle sales to private citizens will become an even more important growth driver in 2013. I also see outstanding opportunities for us in the Tires segment, where foreign currency controls are shifting out of the market small players who previously imported tires in small two-to-four container quantities from the GCC. Instead, these traders are increasingly reliant on GB Auto to provide their stock.

Our Financing Business will post strong double-digit growth this year, and the After-Sales segment will deliver a full year of sales from Assiut and Cairo-Ismaliyya as well as at least a quarter from the Cairo Ring Road facility that will open in 2H13.

With that, I will not belabor our regional prospects in Algeria and Libya, two very exciting markets where we recently announced our decisive entry into the market: passenger cars and tires in Algeria, and passenger cars, pickup trucks and tires in Libya. We entered each of these markets after long study with the right portfolio of brands, the right strategy and — critically — the right local partners. As was the case with Iraq, I expect each of these markets to make positive contributions to our bottom line in their first year of operations.

Fellow shareholders, the period ahead will be tough — but it will also present an enormously thrilling business challenge.

Dr. Raouf Ghabbour, CEO

Summary Overview of Performance by Line of Business

(LE million)		2012	2011	% Change	2010	% Change
Passenger Cars						
Revenue		6,072.3	5,741.9	5.8	5,383.0	6.7
Total Gross Profit		719.0	569.0	26.4	612.3	-7.1
Gross Profit Margin	%	11.8	9.9	1.9	11.4	(1.5)
Motorcycle & 3-Wheelers						
Revenue		1,209.0	1,001.6	20.7	624.7	60.3
Gross Profit		228.5	254.4	(10.2)	169.7	49.9
Gross Profit Margin	%	18.9	25.4	(6.5)	27.2	(1.8)
Commercial Vehicles & Construction Equipment						
Revenue		465.8	340.5	36.8	665.4	(48.8)
Gross Profit		20.5	6.3	226.5	77.0	(91.9)
Gross Profit Margin	%	4.4	1.8	2.6	11.6	(9.7)
Tires						
Revenue		290.1	163.4	77.5	111.7	46.3
Gross Profit		42.7	24.6	73.6	18.5	33.2
Gross Profit Margin	%	14.7	15.1	(0.3)	16.6	(1.5)
Financing Businesses						
Revenue		249.0	156.5	59.1	101.3	54.5
Gross Profit		69.4	38.5	80.3	19.6	96.8
Gross Profit Margin	%	27.9	24.6	3.3	19.3	5.3
Others						
Revenue		4.0	11.5	(65.1)	33.3	(65.5)
Gross Profit		(10.0)	(9.5)	5.9	(11.5)	(18.0)
Gross Profit Margin	%	(249.7)	(82.3)	(167.4)	(34.6)	(47.7)
Group						
Revenue		8,290.1	7,415.3	11.8	6,919.4	7.2
Gross Profit		1,070.0	883.3	21.1	885.4	(0.2)
Gross Profit Margin	%	12.9	11.9	1.0	12.8	(0.9)

Highlights of **2012**

LE **8.3**
Billion
Group Revenues

Laid groundwork to enter new markets, launch additional representations in 2013

14.3%
Group Net Profit Growth

Re-vamped and upgraded Prima factory, which now features latest-generation quality-control systems, fully automated conveyor transits and the first fully robotic paint shop in the region

Completed long-term efforts to round-out C-Suite

Launched 3 New
Brand Representations:
Geely, Iveco Irisbus,
Westlake Tires

11.8%
Group
Revenue Growth

Launched 2 New
After-Sales facilities in
Egypt: Assiut and Cairo-
Ismaliyya Desert Road

LE 217.8
Million
Group Net Profit

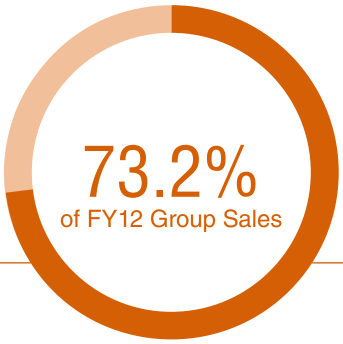
Launched Drive,
consumer finance and
factoring venture

28.9%
Passenger Car market
share in Egypt

Company at a Glance

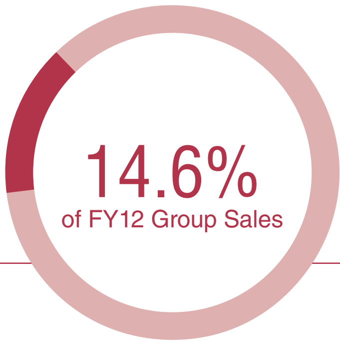
Passenger Cars

- Assembly of imported completely knocked down (CKD) kits
- Distribution of fully-assembled imported completely built-up (CBU) and locally-assembled CKD vehicles
- After-Sales service and distribution of spare parts
- CKD capacity is 60,000 to 70,000 units per year
- Financing options provided through Drive
- Brands: Hyundai, Mazda, Geely
- Markets: Egypt, Iraq, Algeria, Libya



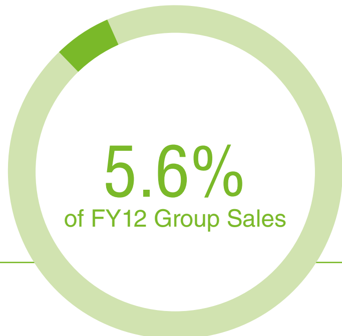
Motorcycles & Three-Wheelers

- Distribution of Boxer motorcycles and three-wheelers ("tuk-tuks") in Egypt
- After-Sales service and distribution of spare parts
- Customers provided with financing options through Mashroey
- Brands: Bajaj
- Market: Egypt



CV&CE

- Assembly and distribution of trucks and buses
- Bus-body manufacturing
- Manufacturing and distribution of superstructures and trailers
- Distribution of construction and farming equipment
- After-Sales service and distribution of spare parts
- Brands: Volvo, Mitsubishi Fuso, Great Wall, Sino Truck, YTO and JV with Marcopolo, and Bus Chassis agreement with Mitsubishi Fuso, Volvo and Iveco
- Markets: Egypt, Libya



Vertically integrated, horizontally diverse

GB Auto is a leading player in the Egyptian automotive industry and has launched a number of operations in key markets and sectors throughout the Middle East and North Africa.

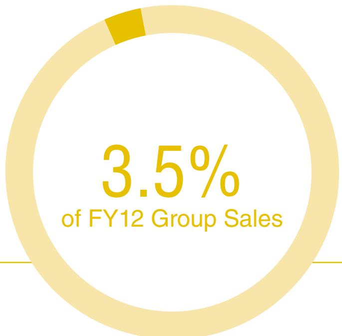
The company is focused on automotive assembly, manufacturing, sales & distribution, financing and after-sales services — including vehicle servicing and related products.

GB Auto's portfolio of partners currently includes the leading global brands of Hyundai, Mazda, Geely, Bajaj, Marcopolo, Iveco Irisbus, Volvo, Great Wall, Mitsubishi, YTO, Sino Truck, Lassa, Yokohama, Diamond Back, Westlake, Grandstone, Rotalla and Triangle, with more to follow as part of our expansion drive.

The company also has three financing businesses, launched with an eye on of-

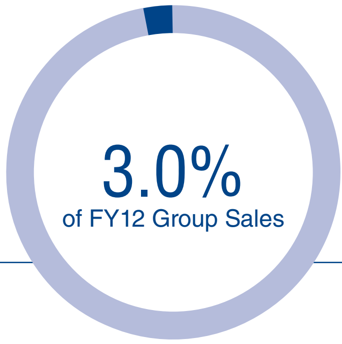
Tires

- Distribution of passenger car, van, truck, construction equipment and bus tires
- Brands: Lassa, Yokohama, Westlake, Grandstone, Diamond Back, Rotalla, Triangle
- Markets: Egypt, Iraq, Libya, Algeria, Jordan



Financing Businesses

- GB Financing Business offer financing in all segments of the market in Egypt via its three subsidiary companies, GB Lease, Mashroey and Drive
- GB Lease provides financing for commercial vehicle and corporate lease clients
- Mashroey finances the purchase of motorcycles, tuk-tuks and motor tricycles
- Launched Drive in 2Q12 to offer consumer financing of passenger cars and factoring of auto and non-auto products
- Market: Egypt



> “We recently announced our entry to the promising Algerian and Libyan markets. This was done after long study to ensure we entered with the right portfolio of brands, the right strategy and — critically — the right local partners.”

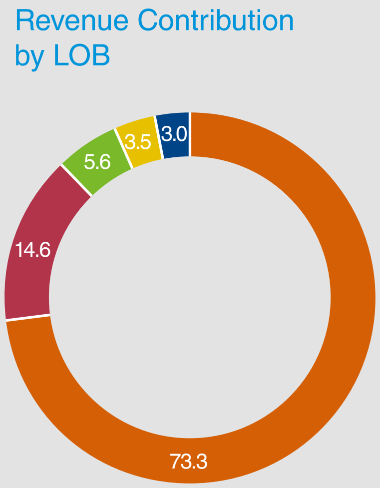
fering financing options to all consumer categories: from major corporations to individuals to micro enterprises. In addition to their standalone success, the financing businesses are important sales drivers for the Passenger Cars and Motorcycles & Three-Wheelers lines of business.

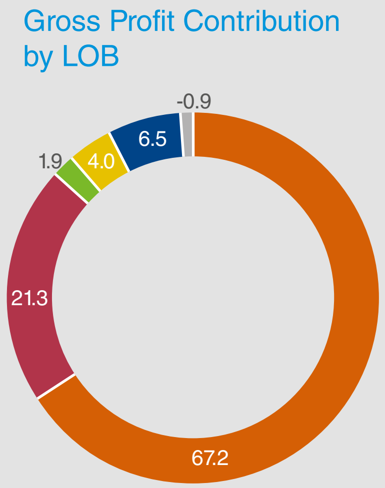
You can learn more about the company’s lines of business beginning on page 18 of this Annual Report.

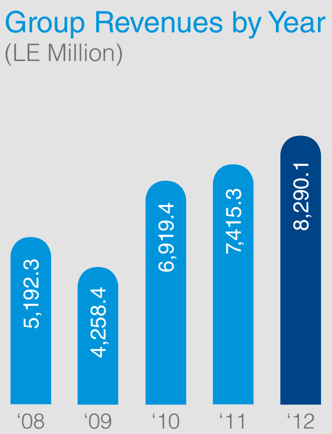
GB Auto’s assembly operations include production of passenger cars and commercial vehicles at three plants in the Greater Cairo Area as well as facilities in Suez.

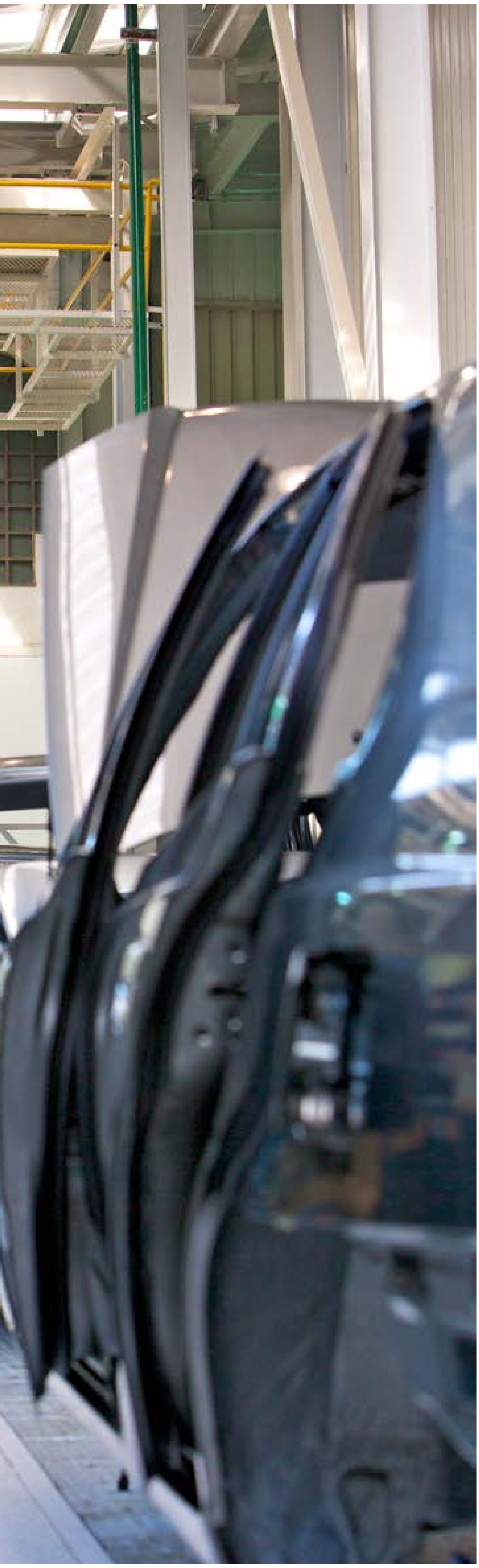
Throughout its more-than 60-year history, GB Auto has built a strong reputation for standing behind its customers and is renowned for providing unmatched after-sales service in the Egyptian market. GB Auto’s growing national After-Sales service network includes 9 passenger car and 7 commercial vehicle outlets, and a planned expansion will add another branch by the end of 2013. Together with the Group’s new vehicles sales, the Company’s service and parts outlets make GB a fully integrated automotive player — a “one-stop-shop” that provides customers with lower ownership costs and real value.

Management Review & Financial Performance









2012 HIGHLIGHTS

GB Auto revenue rose 11.8% year-on-year in FY12 to LE 8,290.1 million from LE 7,415.3 million in FY11.

Consolidated gross profit rose to LE 1,070.0 million from LE 883.3 million, a 21.1% increase. Gross profit margins stood at 12.9%, a 1 percentage point increase in FY12 over FY11.

Group EBIT was LE 615.0 million, an 18.4% increase over LE 519.2 million in FY11; EBIT margin was 7.4% in the period.

Group net income increased 14.3% to LE 217.8 million from LE 190.6 million in FY11.

Passenger Car revenue was up 5.8% year-on-year to LE 6,072.3 million, with gross profit increasing 26.4% to LE 719.0 million.

Motorcycle and Three-Wheeler revenue was LE 1,209.0 million in FY12, a 20.7% rise from the previous year. Gross profit declined 10.2% to LE 228.5 million, while gross profit margin was down 6.5 percentage points to 18.9%.

Tires revenue was up 77.5% to LE 290.1 million from LE 163.4 million the previous year. Gross profit for the segment was up 73.6% percent to LE 42.7 million year-on-year, while gross profit margin was 14.7%.

Commercial Vehicle and Construction Equipment revenue was LE 465.8 million, a 36.8% increase over revenue of LE 340.5 million in FY11. The division reported gross profits of LE 20.5 million, a more-than three-fold increase over LE 6.3 million the previous year. Gross profit margin was 4.4%, up from 1.8% in FY11.

Financing Businesses reported revenue of LE 249.0 million in FY12, a 59.1% increase over LE 156.5 million in FY11. Gross profit for the segment saw an 80.3% increase to LE 69.4 million from LE 38.5 million in FY11. Margins for the segment stood at 27.9%, a 3.3 percentage point increase year-on-year, thanks to increased business at all three companies: GB Lease, Mashroey and Drive.

GB Auto closed financial year 2012 with top-line growth despite challenges presented by the shortage of supply from its major OEM (Original Equipment Manufacturer) in Egypt and Iraq, and softness in consumer demand in Egypt due to economic and political instability. The combined impact of these factors led to a more challenging year than 2011, the year of the 25th of January revolution.

Top-line growth in the 12% range thus reflects sharp growth in the Motorcycles and Three Wheelers business, a remarkable increase in the Passenger Car business in Iraq as well as standout performances by the Tires and Financing Businesses.

The company's FY12 GPM of 12.9% is higher than FY11 by 1 percentage point. As a result, the group has been in a position to absorb higher SG&A spending associated with the expansions and new businesses achieving a net profit before non-controlling interest for FY12 of LE 275.9 million, a 23.7 % increase over FY11.

Management continues to maintain a strong emphasis on working capital drivers and is paying careful attention to balancing its working capital cycle despite the challenges associated with the growing nature of our business.

Management is also focused on efficiently monitoring inventory levels, and has decided to secure a higher level of inventory at a lower cost, due to the rapid devaluation of the Egyptian pound. Accordingly the level of inventory had increased by LE 492 million at year-end.

Despite the LE 143 million increase of the accounts and notes receivable as a result of the revenue increase, the close monitoring and control of receivables helped reduce the collection period from 32 days in 2011 to be 30 days in 2012.

The group generated positive cash flows from operations in 2012 and continued paying its obligations in a timely manner.

The year just ended, therefore, underscores that GB Auto is in a good position to continue investing in its expansion plans while ensuring efficient management of its current operations. The business' cash flow generation puts it in a favorable position to withstand variability in its supply situation while continuing to deliver strong performance.

Latest Corporate Developments

1) Regional Expansion

Early in the first quarter of 2013, GB Auto announced that it has made progress in its strategy for regional expansion, entering the Algerian and Libyan markets, with new passenger car, commercial vehicles and tires representations. The company is actively investigating potential opportunities in additional regional markets.

2) Brand Representations

GB Auto has secured brand representations for YTO tractors in Egypt; Geely passenger cars in Algeria and Libya; Great Wall pickup trucks in Libya; Sino trucks in Egypt; Diamond Back tires in Egypt, Iraq and Jordan; Westlake tires in Iraq; Lassa, Grandstone and Rotalla tires in Algeria; and Triangle tires in Libya. The company is in late-stage negotiations and testing on a number of other brands that will serve to round out its product portfolio.

3) Ignition

In early February 2013, GB Auto welcomed 25 young graduates to the first session of our new annual Graduate Training Program. The program, Ignition, combines classroom and on-the-job training for promising new graduates, providing them with key theoretical and practical job skills. Management fully expects that Ignition will prove to be an important element of our employee education and excellence programs as we grow the business, both in Egypt and regionally.

4) UN Global Compact

GB Auto is proud to be a signatory to the UN Global Compact, which is an initiative allowing enlightened global businesses to align their operations and strategies to the guiding principles of the United Nations. The focus is on ensuring that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere, through the application of ten principles in the areas of

> "Top-line growth in the 12% range is a testament to the success of a business strategy that emphasizes diversity across segments, geographies and brands, GB Auto's strong financial position and timely and decisive management intervention."

human rights, labor, the environment and anti-corruption. In 2012, GB Auto submitted its first communication of progress for the UN Global Compact.

Outlook

GB Auto's emphasis heading in 2013 will be two-pronged. The company will be focused on ensuring the stability and profitability of Egyptian operations, through careful oversight of the political and economic situations, inventory levels, customer care programs and strict cost controls. Simultaneously, management will be focused on nurturing our new regional and brand representations, capitalizing on efforts over the past year to diversify revenue streams by product line and geography. Management anticipates announcements of additional brand representations to come over the course of 2013.

For our Passenger Cars line of business, management expects growth to be somewhat limited in Egypt, as ongoing political unrest and economic difficulties, particularly currency devaluation and the related high inflation, dampen consumer sentiment. This climate will see unit sales pushed even more toward CKD models, which will have the positive benefit of utilizing capacity at our newly revamped Prima factory. Regional performance is likely to act as a buffer to volatile conditions in Egypt, as consumer sentiment in Iraq remains quite strong as does demand for Hyundai passenger cars, and management has every reason to expect sales of Geely vehicles in Algeria and Libya to perform along the same lines.

Also in the company's favor going forward is our highly liquid balance sheet, which will give us an edge as some competitors will be constrained by risk aversion within the banking sector, where liquidity is low as banks increase exposure to high-rate treasury bills.

As we have noted in the past, consumers of products in the Motorcycles and Three-Wheelers line of business are more de-coupled from economic shocks than purchasers of higher-value items, and management anticipates that the strong growth this segment reported in 2012 will continue. That said, the company is cognizant of the fact that this segment is sensitive to factors including government decisions that impact pricing, owner-operators' fears as to the safety of their investments, and consumer views on the long-term economic situation. Nevertheless, pent-up demand remains significant, and GB Auto's ability to finance purchases of two- and three-wheelers through Mashroey is a bulwark against sales erosion.

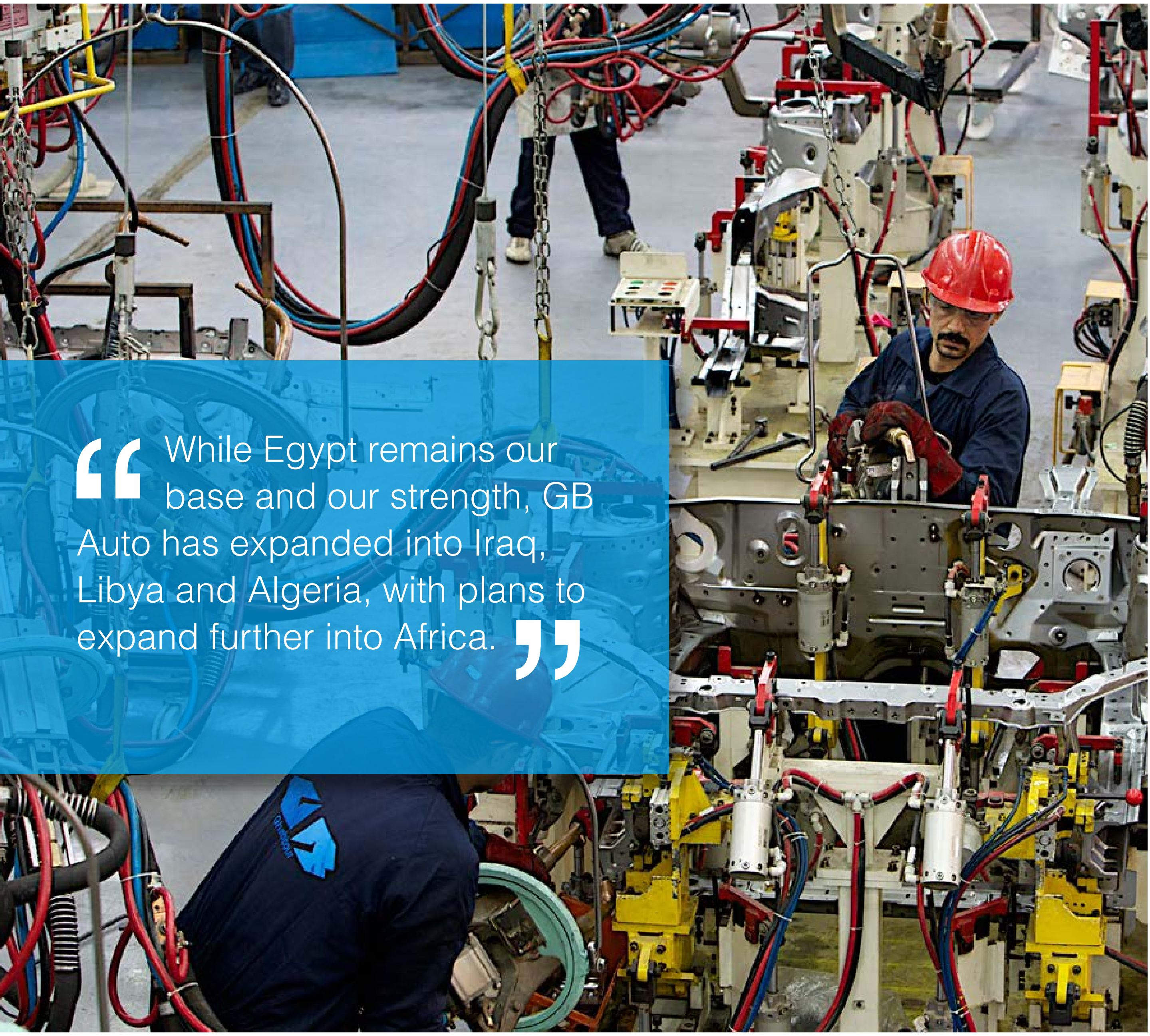
Management anticipates announcing new brand and product representations in the key Commercial Vehicles & Construction Equipment line of business in 2013, which will address one of its historic difficulties, i.e., an incomplete product line-up. Even as the division reports significant improvement, it will remain impaired and at-risk so long as the general economic downturn continues, as customers for the division's current product lineup are particularly sensitive to economic shocks.

On the Financing Businesses front, management expects the business to continue to grow and thrive, potentially benefitting from decreased lending appetite and liquidity in the banking sector, as customers seek alternative financing options.

The expected devaluation of the Egyptian pound against key import currencies presents a serious downside risk in that the company's ability to pass on price increases to consumers may be limited by developments in the broader economy. This is, however, mitigated by the foreign currency generated from our regional operations.

Finally, we note that our forecasts for the year do not include allowances for exogenous shocks that may have an impact on market sentiment. At present, these shocks are likely to be of a political nature, but extend to the potential for shocks related to economic policy swings. We believe, however, in our strong management team's ability to rationalize the performance of the businesses in the coming period with their special focus on cost effectiveness and quick response to market changes. This is underpinned by a strong balance sheet since the beginning of the year as well as a sound liquidity position.

Our Strategy



> "While Egypt remains our base and our strength, GB Auto has expanded into Iraq, Libya and Algeria, with plans to expand further into Africa."

GB Auto is a uniquely diversified player in the Middle East and North African region's automotive segment. The company's assembly, manufacturing, sales and distribution, and after-sales service operations span multiple market segments, including passenger cars, motorcycles, three-wheelers, commercial vehicles, construction equipment, and tires, as well as being complemented by corporate, consumer and microfinance activities.

These activities occupy:

- 4 assembly and manufacturing plants in Egypt.
- A growing sales network of independent dealers and owned-retail outlets in Egypt and Iraq.
- 7 passenger car and 6 commercial vehicle after-sales service outlets in Egypt and 3 in Iraq.
- 46 microfinance branches.
- Consumer finance done through a network of independent dealer showrooms plus 22 owned-showrooms.

While Egypt remains our base and our strength, GB Auto has expanded into Iraq, Libya and Algeria, with plans to expand further into Sub-Saharan Africa, as a start.

The company's activities form a three-axis strategy: expanding new ventures, growing our portfolio of products and targeting high-growth markets for expansion.

These activities are part of a three-axis strategy to maximize growth by:

Expanding New Ventures

By expanding its operations through newly established ventures in Libya and Algeria, GB Auto is replicating the proven strategies used in Egypt and Iraq. As the company develops its presence in Libya and Algeria, we are actively working to extend our industry-leading vertically integrated sales, finance and after-sales support functions, as well as our unmatched distribution network and product offering to these core North African markets.

Growing our Product Portfolio

GB Auto is also looking to expand its product reach across all countries of operation with new brand representations and a wider product portfolio. GB Auto remains the clear partner of choice for any OEM (original equipment manufacturer) and we expect our positive reputation to help us grow our relationship with current partners as well as enter into new arrangements with other leading global brands.

Targeting High-Growth Markets

Going forward, GB Auto will continue to expand into new high-growth markets, with the ongoing support of strong, sustainable growth in Egypt and Iraq. One of our consistent strengths as a company is our ability to identify and capitalize on potential for growth. As we move forward with the next step of our regional expansion, we plan to focus on the opportunity-rich region of Sub-Saharan Africa.

Regional Expansion

GB Auto first announced in 2009 that it was exploring opportunities for growth outside its home market of Egypt. In 2010, the company entered a joint venture to distribute Hyundai vehicles in Iraq. Proving the essential soundness of the strategy, in 2012, Iraqi operations accounted for 32% of GB Auto's total revenues. Not a company to rest on its laurels, GB Auto continued searching for additional opportunities in the region.

Early in 2013, the company announced that these efforts had come to fruition, with key brand representations in the North African markets of Algeria and Libya. Sales and after-sales operations in the markets will begin in the second quarter of 2013; GB Auto has management control of each local venture.

Algeria

The company is entering the Algerian market in cooperation with the Group Rahmoune, a strategic player in the Algerian economy, with investments mainly in building materials, basic infrastructure and the automotive business.

GB Auto will enter Algeria with Geely passenger cars in 2Q13, augmenting its lineup with Rotalla, Grandstone and Lassa tires.

Libya

In Libya, GB Auto has begun selling Triangle-brand tires in small quantities, which it will ramp up when it begins selling both Geely passenger cars and Great Wall pickup trucks early in the second quarter. GB Auto is entering the Libyan market in cooperation with El-Bostan Holding Company, a well-established consumer goods, retail, automotive and logistics conglomerate owned by the Al Said family.

GB Auto has identified a cost-effective strategy to rapidly roll-out sales and aftersales facilities in both Tripoli and Benghazi.

Future Expansions

GB Auto is actively exploring further markets into which it can expand, capitalizing on the region's untapped potential and pent-up demand for real value backed by true customer care. Management looks forward to announcing further developments on this front going forward, with Sub-Saharan Africa as the current focus for growth.

Our Brand Footprint

Location	Passenger Cars	Commercial Vehicles & Construction Equipment	Motorcycles & Three-Wheelers	Tires	Financing Businesses
Egypt	Hyundai, Geely, Mazda	Volvo, Fuso, Marcopolo, Iveco, YTO, Sinotruk	Bajaj	Lassa, Yokohama, West Lake	GB Lease, Mashroey, Drive
Iraq	Hyundai			West Lake	
Libya	Geely	Great Wall			
Algeria	Geely			Lassa, Rotalla, Grandstone	
Jordan					

4. Jordan

Population	6.2 mn
Nominal GDP	US$ 28.8 bn
GDP / Capita:	US$ 6,000
Motorization / 1,000 people	165 (in 2011)

5. Iraq

Population	32.96 mn
Nominal GDP	US$ 115.4 bn
GDP / Capita:	US$ 3,750
Motorization / 1,000 people	77 (in 2006)

1. Algeria

Population	36.9 mn
Nominal GDP	US$ 205.4 bn
GDP / Capita:	US$ 7,500
Motorization / 1,000 people	114 (in 2010)

2. Libya

Population	5.6 mn
Nominal GDP	US$ 85.1 bn
GDP / Capita:	US$ 13,300
Motorization / 1,000 people	290 (in 2007)

3. Egypt

Population	83.6 mn
Nominal GDP	US$ 277.3 bn
GDP / Capita:	US$ 2,700
Motorization / 1,000 people	32 (in 2010)

> "Early in 2013, the company announced that efforts to expand its geogrpahical footprint had come to fruition, with key brand representations in Algeria and Libya."

Sources: World Bank, CIA World Factbook, GB Auto Research

Our Lines of Business and Brands

Passenger Cars

GB Auto is a leading passenger car importer, assembler and distributor in the Middle East and North Africa. In Egypt, the company is the largest player in the market, as the sole representative of Hyundai, Mazda and Geely passenger cars and owning the largest nationwide distribution and after-sales service networks of any brand. Regionally, GB Auto distributes Hyundai passenger cars in Iraq and Geely passenger cars in Libya and Algeria. GB Auto serves the Egyptian market with both Completely Knocked Down (CKD) and Completely Built Up (CBU) products while operating in Iraq, Libya and Algeria with CBU units.

Motorcycles & Three-Wheelers

GB Auto is Egypt's exclusive assembler and distributor of motorcycles and three-wheelers from Bajaj, the largest global manufacturer of three-wheelers, often known as auto-rickshaws or "tuk-tuks." GB Auto imports Semi Knocked Down (SKD) units from the Indian producer and assembles and finishes the vehicles locally. Since it first began importing and selling three-wheelers, the company has been the country's market leader for the popular vehicles, in part due to its efforts at providing quality, low-cost after-sales service to this segment's price-conscious consumers, and later as the company introduced financing for this line via Mashroey.

Commercial Vehicles & Construction Equipment

The Commercial Vehicles and Construction Equipment line of business offers a wide range of assembled-in-Egypt trucks and buses under exclusive agent and distributorship agreements with Mitsubishi and Volvo. GB Auto manufactures and distributes semi-trailers and superstructures (i.e., oil and chemical tankers as well as concrete mixers). The Commercial Vehicles LOB also distributes Volvo construction equipment and YTO tractors in Egypt, exports trailers to Algeria and produces buses for domestic and export markets through GB Polo, a state-of-the-art facility in partnership with global leader Marcopolo and using Iveco chassis. Most recently, the company added Sino trucks to its product line-up in the Egyptian market.

Tires

GB Auto has agreements with a number of OEMs to distribute a wide variety of tires in five countries. In Egypt, the company distributes Lassa, Yokohama, Westlake and Diamond Back tires while it distributes Westlake and Diamond Back tires in Iraq. In Jordan, the company distributes Diamond Back tires. GB Auto announced in the first quarter of 2013 that it has secured agreements in Libya to distribute Triangle tires, and in Algeria to distribute Lassa, Rotalla and Grandstone tires.

Financing Businesses

GB Capital serves as GB Auto's financial arm. The Financing Businesses currently include three entities. GB Lease, which was initially established to provide finance to GB Auto's commercial vehicles and corporate fleet clients, but quickly diversified its field of operations into other asset classes. Mashroey, the Group's microfinance venture, sells GB Auto's Bajaj-branded two and three-wheelers on credit terms to microfinance-eligible clients. Drive is GB Auto's consumer finance and factoring subsidiary, and is the latest addition to GB Auto's Financing Businesses suite. Drive will finance consumer purchases of our passenger car brands.

> “GB Auto is a uniquely diversified player in the Middle East and North African region’s automotive segment, with offerings across the value chain.”

> "GB Auto's Passenger Cars line of business has activities in four countries including its home market of Egypt as well as Iraq, Libya and Algeria."

Passenger Cars

GB Auto is the largest player in the Egyptian passenger car market in terms of sales revenue, market share and production capacity. The company holds the exclusive license to assemble and distribute Hyundai and Geely passenger cars, and import and distribute Hyundai and Mazda passenger cars, as well as spare parts for all the brands.

GB Auto is also a leading player in the Iraqi passenger car market, where it is the sole distributor of Hyundai passenger cars and spare parts.

Early in 1Q13, the company announced that it has entered the dynamic Libyan and Algerian passenger car markets where it sells Geely passenger cars in joint ventures with local partners. The company continues to seek additional representations in the wider region.

Through Hyundai, Mazda and Geely, GB Auto is able to market a variety of products with a diverse range of sizes, prices and engine capacities, ranging from 1.1-liter engine capacity cars to SUVs of over 2.0 liters.

Over the years, the company has solidified its market leadership with a dedication to value, unparalleled service and best-in-class products.

GB Auto created its “one-stop-shop” approach to retail auto buying by vertically integrating sales, consumer finance and after-sales support. Its commitment to total customer care allows the company to offer Egypt’s car-buying market a powerful value proposition — GB Auto has positioned Hyundai cars as the best value for money, and now looks to do the same with its new brands, in its new markets.

With Egypt’s largest sales and after-sales network, GB Auto has transformed the nation’s new car experience. The company’s 3S business model promises showrooms, services and spare parts. GB Auto’s seven large service centers and more-than 605 service bays, 21 owned showrooms and numerous partnerships with independent automotive retailers, and a spare parts distribution channel that stretches across the country delivers Egypt’s car market comprehensive service. GB Auto has begun building Iraq’s leading after-sales service franchise based on this model, with three service centers now open in the country.

GB Auto’s start-to-finish customer orientation has helped make Hyundai’s resale value the highest in Egypt. The 3S model has helped make Hyundai cars synonymous with positive customer care and has strengthened GB Auto’s brand and boosted its market position across its product offerings.

The past several years have seen GB Auto invest in the expansion of its assembly capacity, culminating in the revamping of its Prima facility, which it inaugurated in October 2012. The state-of-the-art facility features latest-generation quality control systems, fully automated conveyer assembly lines, and the first fully robotic paint shop in the Middle East and North Africa.

Prima can now accommodate the simultaneous assembly of different brands and models including Hyundai and Geely passenger cars and Mitsubishi Canter commercial vehicle cabins. The Prima manufacturing workforce, which includes more than 1,000 employees, works two shifts over 19 hours each day. The facility's maximum annual capacity now stands at c.60,000-70,000 units following the plant overhaul.

Prior to the completion of the factory overhaul at the end of September 2012, the Prima plant had produced more than 210,000 Hyundai passenger cars (Excel, Accent, Sonata and Verna models) since its establishment in 1994.

2012 Business Review

Egypt

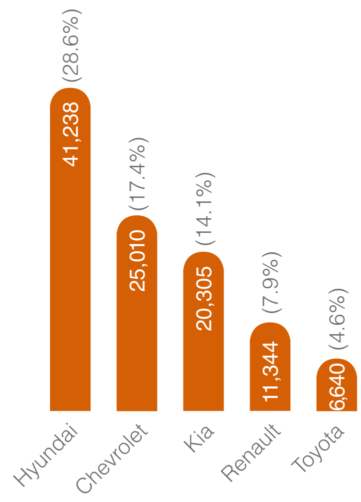
- GB Auto's market share of 28.9% in FY12 is more than 10 percentage points higher than that of its nearest competitor on a YTD basis.
- Sharp supply constraints — particularly on high-demand models including Hyundai Elantra and Accent — throughout 3Q12 and into 4Q12 dampened unit sales, which in turn put pressure on revenue and gross profit for this segment on a full-year basis.
- The shift in sales mix in favor of CKD models in the second half reflects supply constraints on popular CBU models and the natural result of consumers being drawn to the more-approachable pricing on CKD in times of economic difficulty. This has the beneficial effect of improving margins for the Egyptian passenger car division.
- Rising high-margin After-Sales revenues reflect strong performance by the completion of our After-Sales network expansion in 2012; the final pillar of the expansion (the Cairo Ring Road facility) will have its official opening in June 2013.
- Geely sales began in the fourth quarter following the mid-October launch of the Emgrand7, with the vehicle warmly greeted in the market and 306 units sold; more than 80% of those sales took place in December.
- Management anticipates steady growth in Geely sales throughout 2013 as the company begins full commercial assembly operations in late 1Q13 to maximize use of capacity at the newly renovated Prima facility. Alongside CBU activities, the CKD sales will enhance the product offering and pricing mix on this potentially strong-selling brand.
- The weakening of the Japanese yen will see the resumption of Mazda sales towards 2H13 as this well-regarded brand becomes more price-competitive in the local market. As we have noted since we began working with Mazda again in 2010, we anticipate that once the price point is approachable, Mazda sales will perform quite well in this market.
- Management expects that 2013 will see the company maintaining its leading market position, although the fallout from devaluation of the Egyptian pound will likely see unit sales dropping significantly market-wide, particularly in the CBU segment. On the other hand, management anticipates higher margins as the product-mix shifts to higher-margin CKD sales.

Iraq

- One-off supply constraints in 3Q12 dampened full-year unit sales, but had been addressed in 4Q12 and improved supplies are secured going forward, with a 30% rise in allocation for 2013.
- Gross profit for this segment was up in FY12, although management does not expect that this growth rate will prove to be sustainable.
- Iraq witnessed record margins in FY12 despite a slight drop in unit sales.
- On the After-Sales front, management continues a measured expansion of the service center network and consumer education programs.
- Sales of vehicles through our Iraqi operations are made in Iraqi dinars, which are easily convertible and closely tied to the US dollar, providing an important buffer to currency pressures in our home market of Egypt.

Segmentation of the Egyptian Passenger Car Market

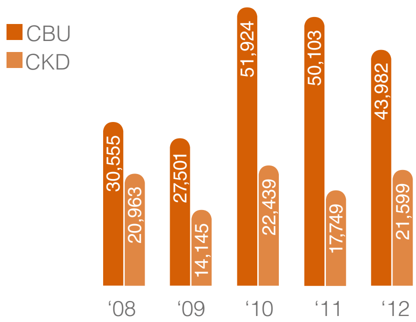
(Units Sold and % Market Share as of Year-End 2012)



Source: Automotive Marketing Information Council (AMIC). Please note that AMIC figures are based on individual companies willingly contributing/reporting their sales and that GB Auto cannot check the full accuracy of these or guarantee that all companies operating in Egypt report to AMIC.

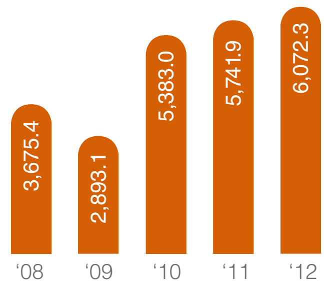
GB Auto Sales Volume Across All Brands and Markets

(Vehicle Units)



Revenues by Year

(LE Million)



> "As the exclusive local distributor of Bajaj motorcycles and three-wheelers, GB Auto is a key player in the Egyptian market."

Motorcycles & Three-Wheelers

GB Auto is the exclusive local agent and distributor of Bajaj Auto's motorcycles and three-wheel vehicles. Bajaj, an Indian brand, is the largest global manufacturer of three-wheelers and the largest supplier of India's robust motorcycles market. Bajaj vehicles are imported as SKD (Semi-Knocked Down) units and are assembled and finished locally by GB Auto at the company's Sixth of October City Industrial Zone factory.

GB Auto introduced the affordable three-wheel vehicles, often called auto-rickshaws or tuk-tuks, to the Egyptian market in 1999, and today its first-mover advantage, together with the company's extensive After-Sales support network for the division, helps the company maintain the lion's share of the country's tuk-tuk sales, despite the appearance of lower-cost Chinese competitors.

In rural and low income areas, three-wheel vehicles are used for personal and commercial purposes as an alternative to common urban and peri-urban transport methods. Three-wheelers' relatively low up-front cost, minimal fuel consumption and ease of movement often provide these areas a preferred transportation option.

GB Auto provides its motorcycle and three-wheeler customers the same comprehensive service that it offers its car buyers, and the Group's 3S business model — showrooms, service and spare parts — extends to its motorcycles and tuk-tuks business as well.

Indeed, After-Sales is a small but important component of this line of business and a key differentiator for GB Auto in the market, given that the consumers attracted to two- and three-wheelers place strong emphasis on the availability of spare parts and service centers.

To capitalize on this 'built-in' demand, the authorized service center network is continuously expanded to reach out to the customers, thus encouraging customers to return to GB Auto network for maintenance, spare parts and repairs.

GB Auto's commitment to total care for customers of this key segment is evident in its nationwide network of 16 owned-retail showrooms including 1 dedicated after-sales service center, 21 GB Auto-owned spare parts outlets and a network of 120 authorized dealers, as well as 50 authorized service centers across Egypt.

2012 Business Review

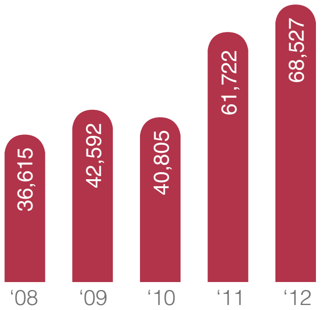
Three-Wheelers (Tuk-tuks)

- During the second quarter of 2012 management cut prices on three-wheelers to stimulate market demand, a policy left in-place throughout the second half of the year.
- The result of this shift in pricing strategy was that unit sales rose 30.7% year-on-year in 3Q12 and 69.9% y-o-y in 4Q12, compensating for weakness in sales earlier in the year following the abortive introduction of new taxes and customs on three-wheelers at the beginning of the year.
- Pent-up demand for three-wheelers in low-income / peri-urban areas remains significant, and management anticipates that sales in this key segment will prove to be largely resilient to any economic shocks in the coming period.

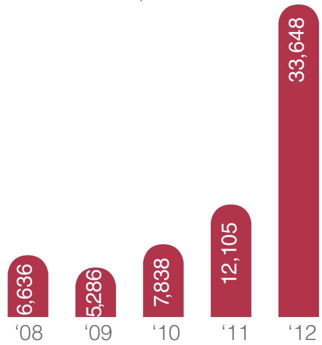
Motorcycles

- The Boxer 150, introduced in late 2011, proved to be wildly popular with consumers, driving a 178.0% growth in unit sales in 2012.
- The change in product mix to include increased motorcycle sales, which are sold at lower margins, has seen downward pressure on the division's margins overall.
- Management has continued high expectations for the development of Boxer sales heading into 2013, anticipating that sales will continue to grow regardless of the economic fallout of continued political unrest in the country.

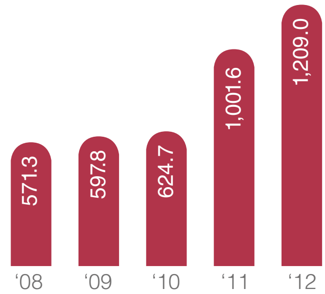
Three-Wheeler Sales Volumes
(Vehicle Units)



Motorcycle Sales Volumes
(Vehicle Units)



Revenues by Year
(LE Million)



"GB Auto's Commercial Vehicles & Construction Equipment line of business saw top-line growth in 2012 as management efforts to push sales paid off."

Commercial Vehicles & Construction Equipment

GB Auto's Commercial Vehicles division distributes imported and locally assembled trucks and buses and provides financing to select fleet clients. The division assembles Mitsubishi and Volvo buses as well as Mitsubishi trucks at plants in Sadat and Suez (home to the new GB Polo factory), and imports Volvo heavy trucks. GB Auto also manufactures and distributes semi-trailers and super-structures such as oil and chemical tankers and concrete mixers under its Commercial Vehicles line.

The Company's bus segment produces a range of transportation solutions, including maxi buses, or coaches, with a maximum capacity of 55 passengers; mini buses (24-29 seats) and midi buses (30-38 seats).

GB Auto's Commercial Vehicles line markets heavy-, medium- and light-weight trucks for fleet operators, contractors, large industrial operators and government agencies throughout Egypt.

The Commercial Vehicles line, more than any other GB Auto operation, demonstrates the Group's capabilities as a manufacturer. With the exception of the engines and chassis, the company designs and manufactures complete buses at its facilities. At these production facilities, GB Auto produces the Mitsubishi RP coach, the Mitsubishi Cruiser mini and medium sized buses, and Volvo model tourism buses.

GB Polo, the company's joint-venture with global giant Marcopolo has completed the build-out of a 4,000 unit-per-year capacity (potential capacity, based on two shifts daily) state-of-the-art bus body assembly facility targeting local and export markets.

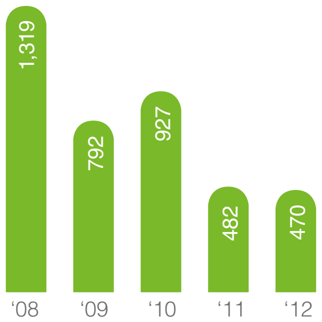
GB Polo was conceived as a move to capture export opportunities in commercial vehicle manufacturing by leveraging GB Auto's quality standards and low-cost, highly-trained workforce; the addition of the Iveco chassis has proved to be a further boost to the strength of this line.

GB Auto's Construction Equipment division includes trucks and earth movers distributed under a license from Volvo Construction. The group markets its heavy-duty equipment line to public and governmental customers, as well as to private sector companies. GB Auto has distributed Volvo construction equipment since 1999.

2012 Business Review

- For the first time in several years, the Commercial Vehicles and Construction Equipment line of business reported year-on-year growth in sales across the three key segments of trucks, buses and trailers.
- Notable in the fourth quarter was the addition of YTO tractors to the LOB's product line-up which, with the growth and modernization of Egypt's agricultural sector, management expects to see perform quite well going forward.
- Also added to the product line-up are heavy trucks from Sino, which GB Auto will import to Egypt from China and distribute CBU. Given the current state of Egypt's heavy truck market, sales of Sino trucks are not expected to be strong in their first phase.
- As has been noted in the past, full recovery of this segment nationally

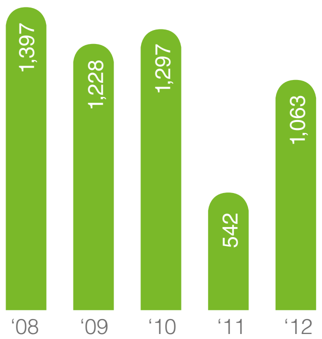
Bus Sales Volume by Year
(Vehicle Units)



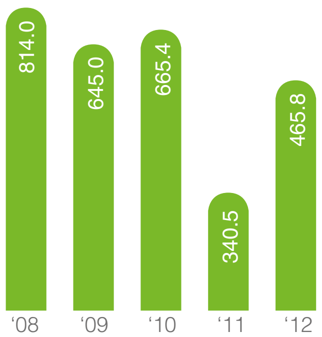
awaits renewed fleet spending by corporate customers and a broad-based recovery in the construction and infrastructure sectors. Neither of these conditions precedent will be fully felt until a return to broad-based economic growth in Egypt.

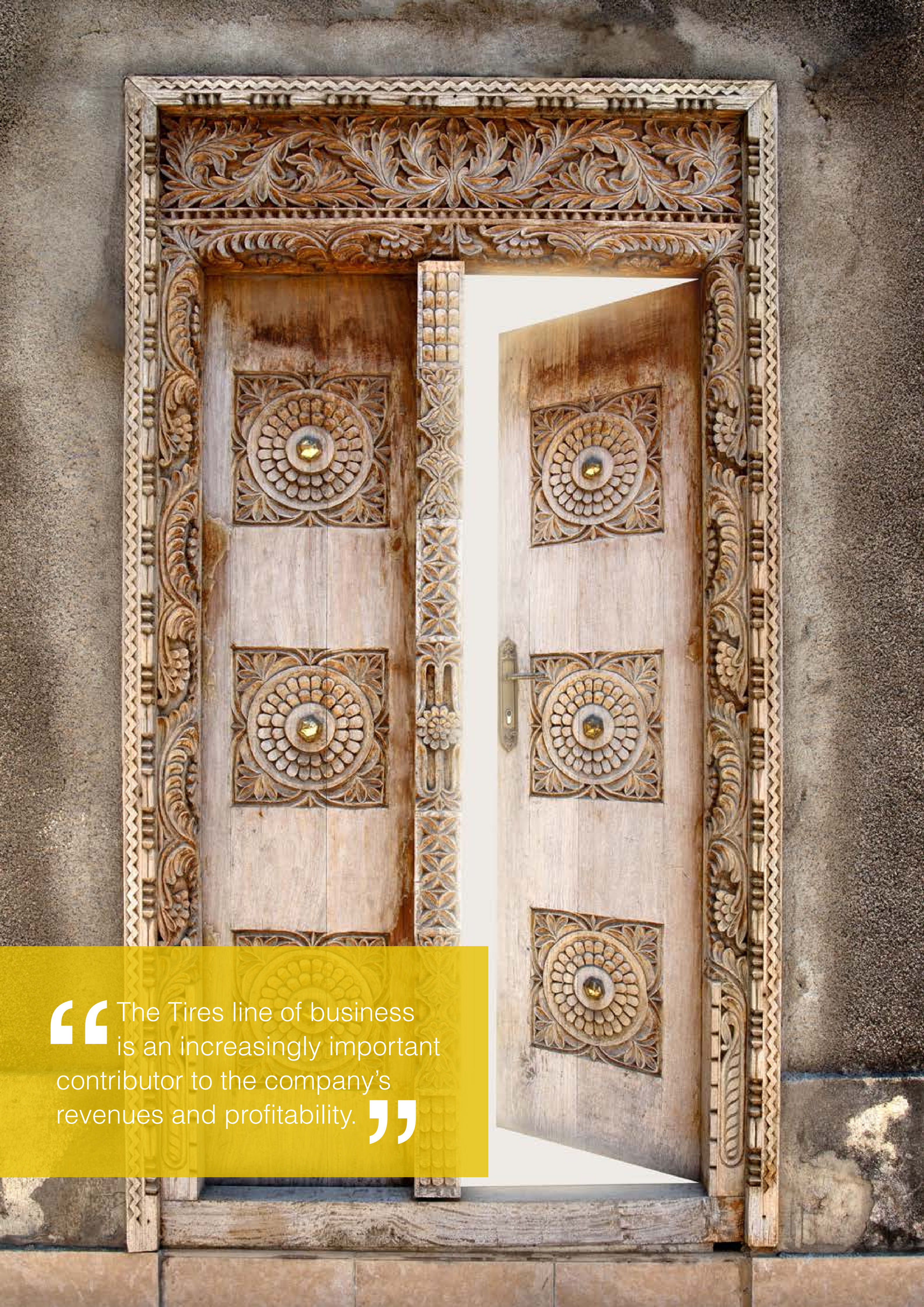
- Management looks forward to the introduction of new bus offerings from GB Polo before the end of the first half and to the springtime announcement of an important new product. These offerings will give GB Auto a complete offering in Commercial Vehicles.

Truck Sales Volume by Year
(Vehicle Units)



CV&CE Total Revenues by Year
(LE Million)





"The Tires line of business is an increasingly important contributor to the company's revenues and profitability."

Tires

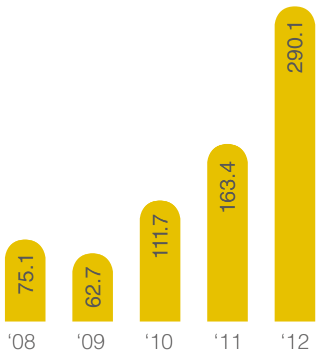
GB Auto has been among Egypt's leading tire dealers for more than 50 years and distributes passenger car, van, bus, construction equipment and light-truck, truck and bus-truck tires under license with Turkey's Lassa, Japan's Yokohama and China's ZC Rubber-brand Westlake, Triangle, Diamond Back, Rotalla and Grandstone. An increasingly important source of Group revenue, in 2013 this line of business announced that it has successfully concluded agreements that will see it expand from Egypt to cover Libya, Algeria, Iraq and Jordan, as well as diversify the company's product offerings in Egypt.

The Tires line of business is an increasingly important contributor to the company's revenue and profitability stream, through both increased sales and growing foreign currency sales in an environment of devaluation in GB Auto's home market of Egypt.

2012 Business Review

- The Tires line of business reported a standout performance in the year, with a 77.5% increase in revenue over 2011.
- Strong sales reflect management's ability to leverage its relationships with its suppliers to secure better quantities for the local market in Egypt, as well as a shortage of foreign exchange liquidity, which acted as a deterrent to small traders seeking to secure their requirements, thus enabling GB Auto to replace a significant portion of parallel imports.
- Management anticipates that these domestic market conditions will continue in the coming period and is accordingly working to capitalize on them to increase its Egyptian market share.
- Going forward, management expects the contribution from expansion territories and new brand representations to be on-par with Egypt's sales growth.

Tires Revenues by Year
(LE Million)



Financing Businesses

GB Capital acts as GB Auto's financial arm. The financing arm has three complementary businesses that offer financing solutions to a diverse spectrum of clients in Egypt ranging from major corporations to small and medium enterprises (SMEs), micro enterprises, and indivual retail consumers.

GB Lease, the first of GB Auto's financing businesses, was initially established to support commercial vehicle and passenger car fleet sales. However, it quickly diversified its operations and now extends lease financing for all asset classes.

GB Lease's activities are non-exclusive to GB Auto, and cater to a diversified client base ranging from top tier multinationals, to local corporations of various scales, as well as small and medium enterprises. The company fully complies with all regulations and operates under the auspices of the Egyptian Financial Supervisory Authority (EFSA).

Microfinance venture Mashroey, founded in late 2009, began operations in March 2010. The company has proven to be an important sales driver of two- and three-wheeler products. The division has actively grown its portfolio of two and three-wheelers, which continue to constitute the bulk of Mashroey's portfolio, accounting for c. 80%, and now operates out of 46 branches nationwide.

Mashroey has expanded its product offering to include motor tricycles (a non-GB Auto product) and is also adding in 2013 the sale of GB Auto's YTO agricultural tractors to its suite of products.

Finally, 2012 saw the incorporation and launch of **Drive**, which comprises both "Drive Auto Trade" as the trading company for consumer finance goods, and "Drive Finance" as a consumer finance and factoring company.

Since its launch, the company has managed a positive imprint in the auto finance market and initiated widely successful promotions for GB Auto's Verna.

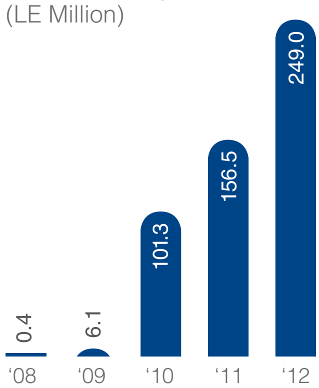
Drive's initial mandate was to focus on serving GB Auto's Hyundai and Geely passenger car sales out of GB Auto's showrooms during phase one of its operations. However, the company has now advanced its operational plans and started an agreed upon expansion to the firm's independent dealer network, as well as extending credit to finance retail client purchases of brands that are not exclusive to GB Auto, in addition to offering financial factoring services.

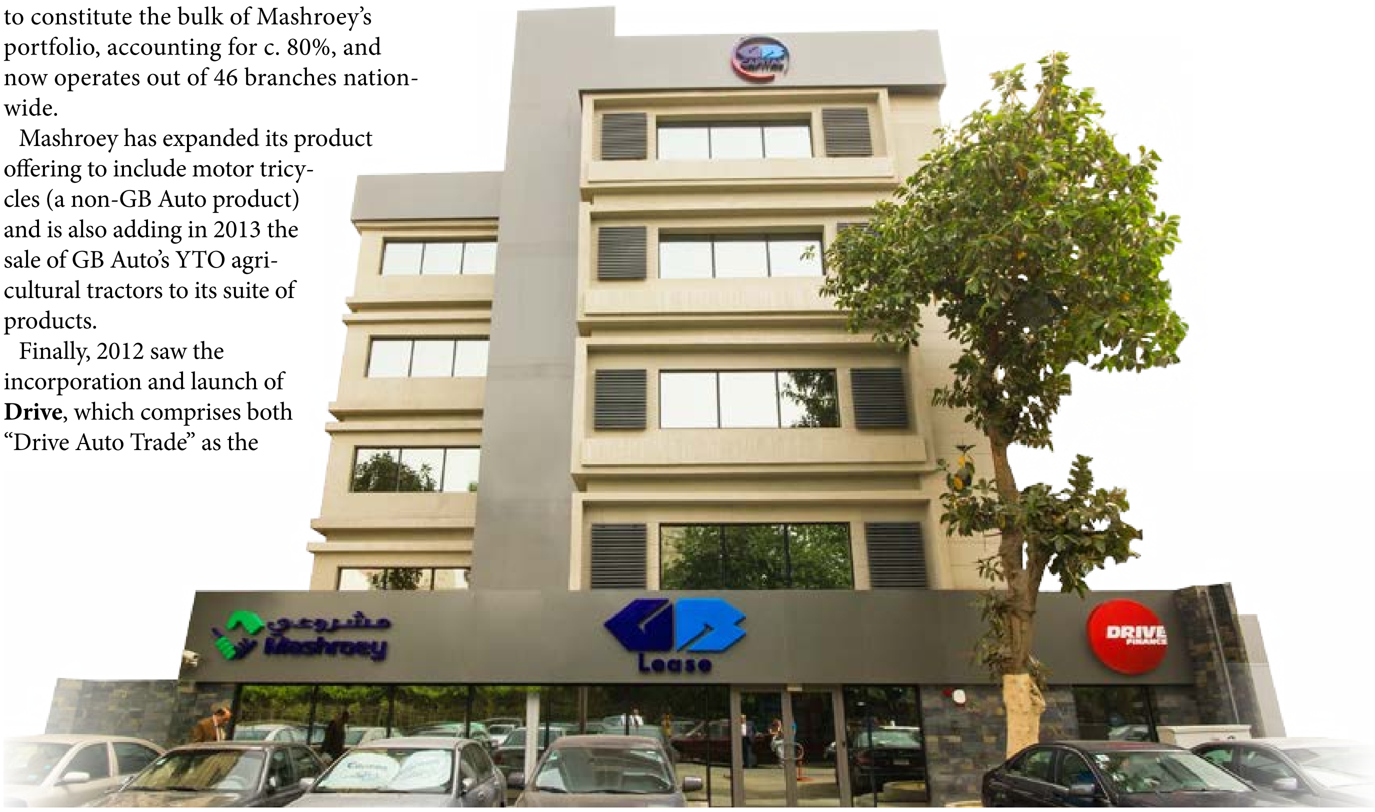
2012 Business Review

- Overall, the Financing Businesses continued to grow while maintaining a good asset quality, closing the year with a gross profit margin of 27.9%, up 3.3 percentage points year-on-year. Please note that the contribution of both Drive and Mashroey to the gross profit margins of the Financing Businesses are understated as they exclude intercompany accounts / sales with Passenger Cars (for Drive) and two-and-three wheelers (for Mashroey).
- In general, although the contribution of the Financing Businesses to GB Auto's gross revenue is still limited, management expects it will evolve rapidly over the medium to long term horizon to account for a significant percentage of the group's overall profitability.

Financing Businesses Revenues by Year

(LE Million)





"Overall, the Financing Businesses continued to grow while maintaining a good asset quality, closing the year with a gross profit margin of 27.9%, up 3.3 percentage points year-on-year."

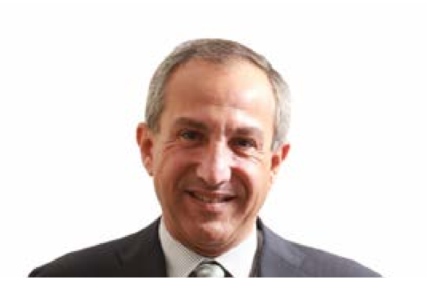
ORGANIZATION

GCOO
N. Ghabbour

- **Director-Geely** – A. Abdel Ghany
- **Director-CV** – A. Matbouly
- **COO-Hyundai** – K. Kandil
- **COO 2&3 W** – G. Kabbani
- **RCASO** – A. Sykora
- **RCOO** – E. Abdulhalim

- **Board of Directors**
  - **CIAO** G. William
  - **CEO** R. Ghabbour
    - **CFO** M. El Mahdi
    - **Director-Tires** K. Fahmy
    - **CMO** A. Satiroglu
    - **CIO** M. Nagy
    - **CBDO** O. Sever
    - **CHRO** A. Campbell
    - **COO-FB** A. Ragheb
    - **DCFI** M. Sadek

Board of Directors



Dr. Raouf Ghabbour

Chairman of the Board of Directors and Chief Executive Officer

Dr. Raouf Ghabbour founded the Ghabbour Group of Companies, which he began incepting in 1985. Dr. Ghabbour began his career working in his family's auto-related trading business, where he initially established himself in the tire division. Having quickly gained a commendable reputation in the market for his business savvy, Dr. Ghabbour went on to acquire agency agreements from global OEMs, which he transformed into successful businesses. Dr. Ghabbour has grown the Company to a leading automotive assembler and distributor in the Middle East and North Africa.

Mr. Aladdin Hassouna Saba

Independent Director

Mr. Aladdin Hassouna Saba is the co-founder and Chairman of Beltone Financial, a leading regional financial services institution operating in the fields of Investment Banking, Asset Management, Private Equity, Brokerage and Equity Research. Mr. Saba is also a founding member of the Egyptian Investment Management Association, in addition to the Egyptian Capital Markets Association. Mr. Saba sits on the boards of The Egyptian Stock Exchange, National Bank of Egypt, as well as various corporations and investment funds.

Mr. Ali Pandir

Independent Director

Mr. Ali Pandir recently retired from his position as Chief Executive Officer of Tofas, a joint venture between Fiat of Italy and Koc of Turkey, and the largest automotive manufacturer and market leader in Turkey. During his tenure at Tofas, production capacity nearly doubled, two light commercial vehicles and one passenger car were engineered, developed, launched and exported to Fiat, PSA and GM under different brand names. Mr. Pandir has 16 years experience with global leader GM, where he worked his way from Aftersales Manager in Turkey to President of GM Indonesia. Mr. Pandir began his career at Tekersan in Turkey as a press tool design engineer, and was promoted to tool shop manager after only one year.

Mr. Hassan Abdalla

Independent Director

Mr. Hassan Abdalla is the Vice Chairman and Managing Director of the Arab African International Bank (AAIB). He sits on the boards of a number of prominent private and government businesses, including the Central Bank of Egypt, the Egyptian Stock Exchange, and UBAF Bank in Hong Kong. Mr. Abdalla is Chairman of the Arab African Investment Management Company and the founder and former chairman of the Egyptian Junior Business Association.

Mr. Nader Ghabbour

Group Chief Operating Officer

Mr. Nader Ghabbour started his career at GB Auto as a showroom sales representative for the passenger car division. He worked his way up to running the daily sales operations within the showroom and later assumed the role of showroom sales supervisor and manager. Mr. Ghabbour's managerial capabilities were proven when he took on the more strategic role of managing the business-to-business arm of the passenger car segment. He currently serves as the chief operating officer for the passenger car division, managing the passenger car sales and after-sales functions, regional operations, and the 2- and 3-Wheeler operations. Mr. Ghabbour graduated with a Bachelor of Arts in Business Administration from Boston University.

Dr. Walid Sulaiman Abanumay

Independent Director

Dr. Walid Sulaiman Abanumay has been the Managing Director of Al-Mareefa Al Saudia Company since 1997, where he oversees investments in both developed and emerging markets. Mr. Abanumay has held several executive roles: between February 1993 and January 1994, he was the General Manager of the Investment Department of the Abanumay Commercial Center; between November 1990 and February 1993, he worked in the Treasury and Corporate Banking department of SAMBA. Mr. Abanumay is a board member of several prominent companies, including: Madinet Nasr for Housing and Development (since 1998), Raya Holding (since 2005), and Beltone Financial.

Mr. Yasser Hashem

Independent Director

Mr. Yasser Hashem is a Managing Partner of the renowned law firm, Zaki Hashem & Partners. A member of the Egyptian Bar Association since 1989, Mr. Hashem graduated from the American University in Cairo with an undergraduate degree, and achieved his LLB in 1989 from Cairo University.

Executive Management

Dr. Raouf Ghabbour

Chairman of the Board of Directors and Chief Executive Officer

Dr. Raouf Ghabbour founded the Ghabbour Group of Companies, which he began incepting in 1985. Dr. Ghabbour began his career working in his family's auto-related trading business, where he initially established himself in the tire division. Having quickly gained a commendable reputation in the market for his business savvy, Dr. Ghabbour went on to acquire agency agreements from global OEMs, which he transformed into successful businesses. Dr. Ghabbour has grown the Company to a leading automotive assembler and distributor in the Middle East and North Africa.

Mr. Ahmed El Matbouly

Director of Commercial Vehicles

Mr. Ahmed El Matbouly began his career at GB Auto 13 years ago, upon graduating from business school in 2000. Starting off as a marketing executive he was engaged in marketing activities across the full product portfolio at the time. Three years later he went on to get a Masters degree in International Business Administration from France for one year and then rejoined GB Auto in 2004 as a Commercial Vehicles After Sales Assistant Manager and later as a Commercial Vehicles Sales Assistant Manager. In 2006 he was appointed as LCV Sales Department Manger where he achieved notable success and sustainable growth resulting in his appointment, in 2008, as Commercial Vehicles Sales Director. With proven managerial capabilities, he was appointed Director of Commercial Vehicles and remains, to date, responsible for all operations across the business unit, including both Sales and After Sales departments.

Mr. Ahmet Satiroglu

Chief Manufacturing Officer

Mr. Ahmet Satiroglu is a Mechanical Engineering graduate of Istanbul Technical University. Prior to joining GB Auto in August 2012, Mr. Satiroglu spent his entire career with the company now known as Ford Otosan AS (Ford of Turkey). He joined the company as a project engineer before moving on to Quality Control. Mr. Satiroglu served for seven years as Quality Control / Assurance Manager, then for nine years as Plant Manager of the Inonu engine, transmission and truck plant before being made AGM Aftersales, Parts and Service. His final position was as AGM Total Quality, a position that covered all functions, not just manufacturing. Quality management has been a consistent theme in all of his jobs.

Mr. Alain Sykora

Chief After-Sales Officer

Mr. Alain Sykora has developed extensive wholesale and retail experience in the automotive industry in both mature and emerging markets. Mr. Sykora also has experience in the sales, after-sales, marketing and business development segments of the business. Previously, Mr. Sykora worked at Zahid Tractor in Saudi Arabia as Director of the Automotive Division and held several managerial roles in Volvo Dubai and Volvo Canada. Mr. Sykora holds a degree in Economics from the University of Quebec, an Executive MBA from Paris-Dauphine-UQAM and has attended the Advanced Management Program of INSEAD.

Mr. Alexander Campbell

Chief Human Resources Officer

Mr. Alexander Campbell joined GB Auto with more than 35 years of international

HR experience at senior levels. He spent the initial part of his career with Shell International Petroleum Co. where he held a variety of positions including industrial relations. After Shell, he worked in HR in advertising before becoming a senior management consultant in HR for Coopers and Lybrand in London. He then moved into financial services where he was Head of HR for Chemical Bank in London, Europe, and Asia Pacific, and Head of HR Asia Pacific for Lehman Brothers. He then moved to Swiss Bank Corporation, which subsequently merged with UBS. At UBS, he held a number of senior HR positions including Head of HR for Australia and New Zealand, Managing Director HR and co-head of HR for the investment bank, and ultimately Managing Director Global Head of Human Capital Management based at the UBS Group level in Zurich. In the four years before joining GB Auto, Mr. Campbell was Group Director of HR for Al-Futtaim Private Company in the United Arab Emirates. He is a graduate of London University and holds a Postgraduate HR qualification from the London School of Economics.

Mrs. Amal Ragheb

Chief Operating Officer of Financing Businesses

Mrs. Amal Ragheb joined GB Auto in 2009 to take charge of the Group's business activities : Leasing, Microfinance and Consumer Finance. Mrs. Ragheb holds the position of Executive Chairman for each of the individual entities set up for such purposes. Mrs. Ragheb is also in charge of the entire credit risk management policies and applications for the Group. A seasoned hands-on and results-oriented banker with a proven track record spanning 33 years, Mrs. Ragheb joined GB Auto from Mashreq Bank, UAE Headquarters where she held the position of Senior Vice President of Risk Management for 2 years, moving from the same bank in Egypt where she was CEO and Country Manager for 4 years, during which period she restructured and turned around the Bank and forged its future growth strategies in Egypt. Mrs. Ragheb started her banking career with Bank of America where she spent 23 years; spanning across a series of various positions in Cairo and the region, until finally rising to become Bank of America's Country Manager and CEO for Egypt, as well as Regional Manager for the MENA Region, Turkey, and Africa.

Mr. Elmostafa Abdulhalim

Regional Chief Operating Officer

Mr. Elmostafa Abdulhalim joined GB Auto in 1998 from Abdul-Latif Al-Jameel Toyota in Saudi Arabia, where he began his career in 1994 as a Junior Sales Representative. Abdulhalim first worked in the GB Auto Sales Analysis & Planning department as an Analyst. In 2000 he was promoted laterally to be the Sales Manager for the Canal Area, overseeing Retail Fleet Wholesales. He returned to the Sales Analysis & Planning as Division Head in 2003, where he remained until he was promoted to Hyundai Franchise Director in 2007. Mr. Abdulhalim oversaw the start-up of Iraqi operations as Managing Director of the Iraqi business from February 2010 until he was promoted to Regional Chief Operating Officer for the Group. Mr. Abdulhalim holds a Bachelor of Commerce and MBA with a focus on Business & Strategies.

Mr. Gamil William Guirguis

Chief Internal Audit Officer

Mr. Gamil William Guirguis joined the Ghabbour Group in 2005, first taking responsibility for the Credit and Recovery Division, and later as CIAO for GB Auto and other Ghabbour Group companies in 2007. Mr. Guirguis began his career in 1966 with National Bank of Egypt, where he served for 12 years. He left NBE in 1978 to work for the Egyptian American Bank, where he served for 27 years, holding a number of positions, eventually becoming General Manager and Chief Auditor, reporting directly to the Bank's Board of Directors. While at Egyptian American Bank, Mr. Guirguis took part in a number of international auditing assignments with the loan examiners of American Express Bank (Egyptian American Bank's major shareholder) and was a member of major committees.

Mr. Ghassan Kabbani

Chief Operating Officer of Two- and Three-Wheelers

Mr. Ghassan Kabbani brings more than 30 years' experience to GB Auto. He first worked in the family textile business from 1980 through 1994, when he left to join T.E.S. sheet metal. In 1996, together with Dr. Ghabbour and other partners, he established CITI (a 2- and 3-Wheeler company). In 2007 CITI merged with GB Auto, at which time Mr. Kabbani joined the company. Mr. Kabbani graduated from AUC in 1979 with a BA in Economics and Business Administration.

Mr. Kamal Fahmy

Tires Director

Mr. Kamal Fahmy joined GB Auto in 2008 as part of the team working to grow the Tires line of business, as well as managing the company's transport, public and cargo operations. Mr. Fahmy has been key in taking the company's Tires operations regional, with activities now in five countries, and a greatly expanded brand and product offering. Mr. Fahmy holds a Bachelor's degree from the American University in Cairo.

Mr. Khaled Kandil

Chief Operating Officer, Hyundai Motor Corp

Mr. Khaled Kandil joined GB Auto from ExxonMobil, where he was most recently Vice-Chairman of ExxonMobil Egypt and Managing Director of ExxonMobil Lubricants and Specialties covering operations in North and East Africa. His service to ExxonMobil included secondment to the company's corporate headquarters, during which time he participated in the merger between the Exxon and Mobil corporations. He participated in a number of market entry and exit projects in South America, South East Asia and Africa. In 1998, Kandil was assigned by the corporation's CEO to become a member of a global leadership team. A 32-year veteran of the oil and gas industry, in 1996 he headed a business reengineering project for the company's Egyptian operations after which he led the implementation of Mobil Lubricants' integrated business strategy. This strategy saw the company become the market leader in less than one year, after being traditionally the third-ranked market player.

Mrs. Menatalla Sadek

Director of Corporate Finance and Investments

Mrs. Menatalla Sadek joined GB Auto in December 2011 to lead the creation of an in-house corporate finance department to screen, initiate and conclude merger and acquisition transactions as part of the company's growth strategy. Mrs. Sadek is also directing the firm's investor relations activities. She is a member of the company's Executive Committee and a regular attendee of the firm's board meetings. Mrs. Sadek brings with her more than a decade of experience in the investment field in Egypt and Europe. She was head of consumer goods research at regional investment bank Beltone Financial, where she was part of the team that helped take GB Auto public. Previously, she was in Sweden with Standard & Poor's European Rating Team, and was earlier Assistant Corporate Manager at Barclays Bank. Sadek is a CFA Charterholder.

Mr. Mostafa El Mahdi

Chief Financial Officer

Mr. Mostafa El Mahdi brings to GB Auto 22 years of experience at KPMG, where he joined in 1990 before being promoted to Partner in 2001. While there, he was Head of the Manufacturing and Consumer Market line of business and the Responsible Partner for Audit Efficiency. Mr. El Mahdi has also worked as Chief Internal Auditor and Advisor to the President of the Board of Directors for IGI. He has extensive experience in restructuring projects and transaction services, including due diligence and mergers & acquisitions. Mr. El Mahdi holds a Bachelor of Commerce degree with a focus in Accounting from Cairo University and is a Fellow of the Egyptian Society of Accountants and Auditors, as well as a Member of the American Institute of Accounts and Auditors.

Mr. Mostafa Nagy

Chief Information Officer

Mr. Mostafa Nagy joined GB Auto from Coca-Cola Bottling Company. He started with Coca-Cola in the IT Support team and was later promoted to lead the IT team in Egypt. He then assumed responsibility for Libya, and ended his time there as IT Director of Egypt, Libya and Yemen. At Coca-Cola he was involved with completing the business application portfolio, streamlining and aligning operations in line with the organization's objectives. In Libya he revamped operations and established a hosted IT service organization in Egypt. He reengineered Coca-Cola Yemen's business processes and implemented Oracle E-Business Suite there. Mr. Nagy earned his Bachelor's degree in Engineering from Alexandria University and did his engineering training with Siemens KWU in Germany. He acquired his MBA with Majors in Strategic Management and Information Management from the German University in Cairo. Mr. Nagy holds IT and Management certifications and in 2008 was awarded the Symantec EMEA IT Visionary Award.

Mr. Nader Ghabbour

Group Chief Operating Officer

Mr. Nader Ghabbour started his career at GB Auto as a showroom sales representative for the passenger car division. He worked his way up to running the daily sales operations within the showroom and later assumed the role of showroom sales supervisor and manager. Mr. Ghabbour's managerial capabilities were proven when he took on the more strategic role of managing the business-to-business arm of the passenger car segment. He currently serves as the chief operating officer for the passenger car division, managing the passenger car sales and after-sales functions, regional operations, and the 2- and 3-Wheeler operations. Mr. Ghabbour graduated with a Bachelor of Arts in Business Administration from Boston University.

Mr. Osman Sever

Chief Business Development Officer

Mr. Osman Sever joined GB Auto in 2009 to assume the Chief Operating Officer-Commercial Vehicles Position. He assumed the Chief Business Development Officer role at the end of 2010 to coordinate and lead the growth strategy of GB Auto. Mr. Sever has dedicated his entire career to automotive industry, with more than 25 years of experience at Renault Turkey, Ford Turkey and Karsan AS in Turkey in positions including sales, marketing, engineering and export areas. Accordingly, Mr. Sever has considerable exposure to MENA and international automotive markets. Prior to joining GB Auto Mr. Sever worked as General Manager in Bayraktar Automotive, General Manager in Tirsan AS and Deputy GM in Karsan. He holds a Bachelor of Science in Mechanical Engineering from Istanbul Technical University and an MBA from Huron University.

Human Resources

People are GB Auto's most important resource: From the boardroom to the assembly line to the sales floor, GB Auto's success is driven by people. Knowing that, the company has invested heavily in all aspects of its human resources.

The GB Academy

In September 2011 the GB Academy soft-launched training classes with Toronto's Centennial College, becoming one of the first automotive-specific training academies in the region. In the 18 months since, GB Academy has enhanced organizational efficiency and raised quality standards, benefitting customers and placing GB Auto at the forefront of regional employers.

The GB Academy is focused on delivering a signature learning experience to all GB Auto employees, from the frontline to the executive level, based on training paths and career development defined through the HR Training and Development team. Programs range from soft-skills enhancement to management and finance topics as well as on-the-job training and refresher courses for after-sales service employees.

First classes at the Academy were held starting on September 6, 2011, at GB Auto's Prima facility in the Greater Cairo Area's Abu Rawash Industrial Zone, where Centennial's mentoring team is administering the program, overseeing training of trainers, and collaborating with GB Auto staff to mentor employees in the workplace.

Construction is ongoing of GB Academy's LE 16 million purpose-built, 4,000-square-meter facility in Abu Rawash. Originally scheduled to open in the second quarter of 2012, events in Egypt necessitated an extended construction schedule and currently the Academy is slated to open its doors in a soft-opening in June 2013.

The facility will include 22 classrooms and labs including allocated space for commercial vehicle training, manufacturing training, after sales and business, finance and IT training.

Fleshing out the Executive Team

In 2012, GB Auto successfully concluded efforts that began in 2011 to find the strongest management talent to round out the C-Suite, with the addition of Chief Financial Officer Mostafa El Mahdi and Chief Manufacturing Officer Ahmet Satiroglu.

- Mr. Mostafa El Mahdi, Chief Financial Officer, brings to GB Auto 22 years of experience at KPMG, where he joined in 1990 before being promoted to Partner in 2001. You can read more details about Mr. El Mahdi on page 42 of this Annual Report.
- Prior to joining GB Auto, Mr. Ahmet Satiroglu, Chief Manufacturing Officer, spent his entire career with the company now known as Ford Otasan AS (Ford of Turkey). You can read more details about Mr. Satiroglu on page 40 of this Annual Report.


Ghabbour

Corporate Social Responsibility

GB Auto has always striven to positively impact the communities in which it does business, in part through donations to hospitals, training foundations and educational funds. Taking this corporate consciousness to the next level, in 2010 the company created a CSR department with the aim of streamlining the company's CSR strategy and goals.

Vision

GB Auto recognizes its position within the Egyptian community and the importance of contributing to the well-being of the communities in which we operate. GB Auto believes in the necessity of enhanced cooperation between the private sector and civil society and close interaction with governmental authorities in order to overcome socio-economic challenges.

Mission

Reducing poverty and raising standards of living in Egypt by fostering:

- Education
- Environment
- Social Actions

CSR Philosophy

Sustainability is at the heart of all of our CSR activities. A one-time donation may feed a village for a month, but if you invest in the underlying infrastructure and education surrounding that project, that same village will develop the skills to feed itself for generations to come. Our development initiatives are the result of thorough research and targeted funding, ensuring that money goes where it is most effective.

Key Highlights of 2012

In 2012, GB Auto continued its partnership with the Resala Foundation, an Egyptian non-profit development organization. Together, we identified two community projects to support and fund this year.

The first project was for a desalination plant in Mandisha, a village in the Bahariyya Oasis. Plagued by a lack of potable water and the corresponding health risks of liver disease and kidney failure, the community of Mandisha was in desperate need of safe drinking water. Thanks to the new water desalination plant, which was completed this year, more than 5,000 families now have access to potable water.

The second initiative organized and funded the construction of a bakery in the village of Gezirat Al Salaam, which was chosen because the villagers had been facing severe bread shortages. With the completion of the bakery, the village's more-than 6,000 families are now supplied daily with ample quantities of bread, and 25 much-needed jobs for village residents have been created.

Funding comes in part from customer donations made when they bring their vehicles in for maintenance. The donations allow customers and GB Auto to alleviate in part the hardships affecting Egypt's underprivileged.

Financial Review

Contents

Board Report

The Directors of GB Auto are pleased to present their Annual Report together with the audited consolidated financial statements for the year ended December 31, 2012.

Principal Activities

GB Auto is a leading player in the MENA region's automotive industry and is the holding company for a group of subsidiaries operating at all levels of the value chain, including assembling, distributing and selling passenger cars and commercial vehicles, manufacturing semi-trailers and superstructures for trucks and buses, selling automotive components, motorcycles and three-wheelers, tires, and construction equipment, as well as providing after-sales service through a nation-wide after-sales service network and consumer finance and microfinancing. The company owns and operates three manufacturing and assembly facilities, one for passenger cars, one for commercial vehicles, and another for buses.

The detailed analysis by line of business is dealt with by management elsewhere in this Annual Report.

Operating Results

The consolidated group revenue for the year 2012 reached LE 8,290.15 million versus LE 7,415.29 million the previous year, an increase of 11.80%. The net profit for the year after accounting for minority interest was LE 217.80 million, a 14.25% rise from 2011.

Dividends

The shareholders will approve any profit distributions at the forthcoming Annual General Meeting.

Directors

The Directors of the company are shown beginning on page 38 of this Annual Report. Also provided is their industry background information. The Board is constituted of five Independent Directors and two Executive Directors.

Corporate Governance

The Board is committed to and provides oversight to the management of GB Auto and its subsidiaries, meeting at least three times each year. The Board has created a Corporate Governance Committee of four members, an Audit Committee of four independent directors along with representatives from company management, and a Remuneration Committee made up of four independent directors together with representatives from company management.

Employees

The number of employees at GB Auto and its subsidiaries as of December 31, 2012 was 5,881 including all subsidiaries and ventures.

Shareholders

The shareholding structure of the company as of December 31, 2012 was: Dr. Raouf Ghabbour family and related parties 70.92%, while public ownership stood at 29.08%.

The company is authorized to issue shares of up to 2% of the issued and paid-in capital to implement its employee and share-based incentive program.

Annual General Meeting

The annual general meeting will be held at 3:00 pm on 27 March 2013 at the Oasis Hotel, Km 4.5, Cairo-Alexandria Desert Road.

Auditor

A resolution will be proposed to reappoint Mansour & Co. Pricewaterhouse-Coopers as auditor and to authorize the directors to determine their remuneration at the Annual General Meeting.

Approved by the Board
27 March 2013

Corporate Governance Report

GB Auto is committed to following the principles of good corporate governance and has institutionalized corporate governance guidelines in compliance with the applicable laws and the regulations of the Egyptian Exchange.

To enhance shareholders' value and protect stakeholders' interests, the company has taken steps to ensure transparency, accountability, and effective internal controls. The key corporate governance principles and practices are as follows:

The General Assembly

The General Assembly (GA) is the ultimate governing body of the company. The GA:

- Includes all the shareholders of the company.
- Takes its decision by voting among shares represented in the meeting. The voting rule is: 1 share = 1 vote for all shares.
- Holds at least one ordinary meeting per year and may have an extraordinary meeting as needed.
- The responsibilities of the GA are based on the laws and company statutes.
- Appoints the Board, approves the financial results, appoints the external auditors, and approves dividend distributions.

Disclosure Rules and Transparency

GB Auto is subject to disclosure rules and the new listing rules set by the Egyptian Exchange and approved by the Egyptian Capital Markets Authority on June 18, 2002. The company is in compliance with the corporate governance, financial reporting, and disclosure provisions of the rules.

In addition to reporting its financials on a quarterly basis and announcing all major news and developments of the company, GB Auto follows complete transparency about all material matters regarding the corporation, including company objectives, financial and operational results, major share ownership and voting rights, information about Board members, related party transactions, foreseeable risk factors, and governance structures and policies.

The Board confirms that there is an ongoing process for identifying, evaluating, and managing the risks faced by the company, and that the process has been in place for the year under review and up to the date of approval of the annual report and accounts.

Board Committees

The Board has established three committees to assist in discharging its oversight responsibilities.

Corporate Governance Committee

The Corporate Governance Committee is appointed by the Board of Directors to assist the Board in fulfilling its responsibilities with respect to four key matters:

- Overseeing the development and the regular assessment of GB Auto's approach to corporate governance issues.
- Ensuring that such approach supports the effective functioning of GB Auto, with a view to the best interests of the shareholders and effective communication between the Board of Directors and the management team.
- Overseeing the process, structure and effective system of accountability by management to the Board of Directors and by the Board to the shareholders, in accordance with applicable laws, regulations and industry standards for good governance practices.
- Carrying out the functions and responsibilities of a nomination committee to recommend to the Board of Directors candidates for election or appointment to the Board of Directors.

Chairman
Yasser Zaki Hashem
Members
Alaa Saba, Walid Solaiman Abanumy, Hassan Abdallah

The Audit Committee

The Audit Committee consists of four independent non-executive members and its primary purpose is to focus on aspects of financial reporting and on the entity's processes to manage business and financial risk, and for compliance with significant applicable legal, ethical, and regulatory requirements, also to assist the Board in its oversight of:

- The integrity of the company's financial statements
- The company's compliance with legal and regulatory requirements
- The independent auditor's qualifications and independence
- The performance of the company's internal audit function and independent auditors

Chairman
Alaa Saba
Members
Yasser Zaki Hashem, Walid Solaiman Abanumy, Hassan Abdallah

The Remuneration Committee

The Remuneration Committee consists of four independent non-executive members and its primary purpose is to assist the Board in its oversight of all matters relating to director compensation. The Remuneration Committee:

- Determines the remuneration policy of the company and makes recommendations to the Board on the company's policy and structure for all remuneration and fees of senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration as the Committee may consider appropriate.
- Determines and agrees with the Board the broad policy for the remuneration of the Board Executive Directors, the Chairman and other members of the executive management.
- Recommends, monitors and notes the level and structure of remuneration for senior management.
- The fees and other payment arrangements for Non-Executive Directors are matters for consideration by a sub-committee of the Board, consisting of the Chairman and one or more Executive Directors, which shall make recommendations to the Board as a whole.

Chairman
Alaa Saba
Members
Yasser Zaki Hashem, Walid Solaiman Abanumy, Hassan Abdallah

Independent auditor's report

To the Shareholders of GB Auto and its Subsidiaries (S.A.E)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of GB Auto and its Subsidiaries (S.A.E) (the Group) which comprise the consolidated balance sheet as of 31 December 2012 and its related consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in light with applicable Egyptian laws and regulations. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations.

Ahmed Gamal El-Atrees

R.A.A. 8784
E.F.S.A. 136
Mansour & Co. PricewaterhouseCoopers

6 March 2013
Cairo

Consolidated balance sheet

At 31 December 2012

(All amounts in thousand Egyptian pounds)

	Note	2012	2011
Non-current assets			
Property, plant and equipment	5	1,721,061	1,802,674
Intangible assets	6	269,058	261,043
Investment in associates	7	-	2,414
Long term notes receivables	8	42,153	20,226
Deferred tax assets	9	19,089	16,210
Investment property	10	3,117	5,481
Total non-current assets		**2,054,478**	**2,108,048**
Current assets			
Inventories	11	1,752,269	1,259,846
Assets held-for-sale	12	329,998	-
Accounts and notes receivables	13	781,477	638,894
Debtors and other debit balances	14	456,965	433,455
Due from related parties	15	6,553	3,469
Treasury bills	16	91,202	280,519
Cash on hand and at banks	17	1,173,532	881,041
Total current assets		**4,591,996**	**3,497,224**
Current liabilities			
Provisions	18	40,658	36,373
Current tax liabilities	19	5,698	21,445
Loans and borrowings	20	1,778,110	1,046,825
Due to related parties	15	30,783	8,387
Trade payables and other credit balances	21	1,267,371	1,056,078
Bond liabilities - short term	22	228,840	305,121
Total current liabilities		**3,351,460**	**2,474,229**
Working capital		**1,240,536**	**1,022,995**
Total invested funds		**3,295,014**	**3,131,043**
Represented in:			
Equity			
Shareholders' equity			
Share capital	23	128,893	129,000
Payment under capital increase	24	2,258	2,258
Shares held by the group	25	(3,275)	(3,275)
Treasury shares	26	-	(9,462)
Legal reserve	27	225,469	214,158
Other reserves	28	1,052,093	1,036,306
Retained earnings		700,821	614,995
Total Shareholders' equity		2,106,259	1,983,980
Minority interest	29	424,453	343,942
Total equity		**2,530,712**	**2,327,922**
Non-current liabilities			
Bond liabilities	22	381,402	610,242
Long-term loans	20	129,302	91,369
Long-term warranty provisions	18	10,856	6,865
Notes payables and creditors long-term	30	115,533	9,090
Deferred revenues	31	9,636	16,025
Deferred tax liabilities	9	55,123	31,096
Amounts under settlement on lease contract	32	62,450	38,434
Total non-current liabilities		**764,302**	**803,121**
Total equity and non–current liabilities		**3,295,014**	**3,131,043**

The accompanying notes on pages 55 to 85 form an integral part of these consolidated financial statements.

Bassem Iskander
Group Finance Director

Mostafa Elmahdi
Chief Financial Officer

Dr. Raouf Ghabbour
Chairman and Managing Director

5 March 2013
Independent auditor's report attached

Consolidated statement of income

For the year ended 31 December 2012

(All amounts in thousand Egyptian pounds)

	Notes	2012	2011
Sales		8,290,147	7,415,292
Cost of sales		(7,220,107)	(6,531,989)
Gross profit		1,070,040	883,303
Other income		27,712	20,035
Administration expenses		(304,908)	(254,248)
Selling and marketing expenses		(159,152)	(107,814)
Provisions - net	33	(17,349)	(16,168)
Other operating expenses		-	(1,187)
Stock option fair value for the managing director	34	(1,364)	(4,693)
Operating profit		614,979	519,228
Finance costs - net	35	(300,182)	(219,233)
Net profit before tax		314,797	299,995
Income tax	36	(38,867)	(77,008)
Net profit for the year		275,930	222,987
Profit is attributable to:			
Shareholders of the parent		217,796	190,628
Minority interest		58,134	32,359
		275,930	222,987
Basic earnings per share in EGP	37	1.69	1.48
Diluted earnings per share in EGP	37	1.66	1.45

The accompanying notes on pages 55 to 85 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2011, and 31 December 2012

For the year ended 31 December 2012 (All amounts in thousand Egyptian pounds)

	Share capital	Payment under capital increase	Shares held by the group	Treasury shares	Legal reserve	Other reserves	Retained earning	Equity: Shareholders' equity	Equity: Minority interest	Equity: Total equity
Balance at 1 January 2012	129,000	2,258	(3,275)	(9,462)	214,158	1,036,306	614,995	1,983,980	343,942	2,327,922
Net profit for the year	-	-	-	-	-	-	217,796	217,796	58,134	275,930
Dividends	-	-	-	-	-	-	(120,659)	(120,659)	(21,459)	(142,118)
Currency translation differences	-	-	-	-	-	19,527	-	19,527	16,556	36,083
Treasury shares	(107)	-	-	9,462	-	(5,104)	-	4,251	-	4,251
Transfer to other reserve	-	-	-	-	-	1,364	-	1,364	-	1,364
Minority share in subsidiaries capital	-	-	-	-	-	-	-	-	27,280	27,280
Transfer to legal reserve	-	-	-	-	11,311	-	(11,311)	-	-	-
Balance at 31 December 2012	128,893	2,258	(3,275)	-	225,469	1,052,093	700,821	2,106,259	424,453	2,530,712

The accompanying notes on pages xx to xx form an integral part of these consolidated financial statements.

For the year ended 31 December 2011 (All amounts in thousand Egyptian pounds)

	Share capital	Payment under capital increase	Shares held by the group	Treasury shares	Legal reserve	Other reserves	Retained earning	Equity: Shareholders' equity	Equity: Minority interest	Equity: Total equity
Balance at 1 January 2011	129,000	2,258	(3,275)	-	191,704	1,028,381	646,719	1,994,787	303,787	2,298,574
Net profit for the year	-	-	-	-	-	-	190,628	190,628	32,359	222,987
Dividends	-	-	-	-	-	-	(199,898)	(199,898)	(1,519)	(201,417)
Currency translation differences	-	-	-	-	-	4,444	-	4,444	2,181	6,625
Treasury shares	-	-	-	(9,462)	-	-	-	(9,462)	-	(9,462)
Transfer to other reserve	-	-	-	-	-	3,481	-	3,481	-	3,481
Capital increase	-	-	-	-	-	-	-	-	7,134	7,134
Transfer to legal reserve	-	-	-	-	22,454	-	(22,454)	-	-	-
Balance at 31 December 2011	129,000	2,258	(3,275)	(9,462)	214,158	1,036,306	614,995	1,983,980	343,942	2,327,922

The accompanying notes on pages 55 to 85 form an integral part of these consolidated financial statements.

Consolidated statement of cash flow

For the year ended 31 December 2012

(All amounts in thousand Egyptian pounds)

	Note	2012	2011
Cash flows from operating activities			
Net profit before tax		314,797	299,995
Adjustments:			
Interest expense		296,985	261,760
Depreciation and amortization		123,582	134,674
Provisions - net		17,349	16,168
Stock option fair value for the managing director		1,364	4,693
Bond issue cost amortization		2,572	2,572
Loss on sale of property and equipments		2,303	345
Interest income		(41,072)	(44,298)
Loans interest expense capitalized on property, plant and equipment		(16,548)	(28,230)
Deferred revenue amortization - Sale and lease back		(5,889)	(6,424)
Deferred revenue amortization - Marketing contract		(500)	(1,200)
Gain for the re-valuation of investments property		(307)	(45)
Gain on sale of investment property		(329)	-
Impairment losses		-	1,187
Net profit before changes in working capital		694,307	641,197
Changes in working capital			
Inventories		(461,097)	397,298
Accounts and notes receivables		(174,004)	(110,078)
Debtors and other debit balances		27,595	(13,560)
Due from related parties		(3,084)	(2,118)
Due to related parties		22,396	(9,329)
Trade payables other credit balances		260,662	(175,141)
Cash flow generated from operating		366,775	728,269
Provisions used		(7,316)	(4,942)
Income tax paid during the year		(33,466)	(96,814)
Interest paid		(296,985)	(261,760)
Net cash flow generated from operating activities		29,008	364,753
Cash flows from investing activities			
Payments for projects under constructions		(147,471)	(163,379)
Purchase of property, plant and equipment		(270,386)	(76,767)
Purchase of intangible assets		(518)	(725)
Interest received		41,072	44,298
Proceeds from sale of property, plant and equipment		11,846	9,686
Proceeds from sale of investments property		3,000	-
Treasury bills		823	148,655
Net cash flow used in investing activities		(361,634)	(38,232)
Cash flows from financing activities			
Loans and borrowings		769,218	268,914
Proceeds from minority share subsidiaries capital		27,280	7,134
Dividends paid		(191,487)	(184,434)
Bonds liabilities		(307,693)	(76,923)
Proceed from sale of treasury shares		4,251	-
Purchase of treasury shares		-	(9,462)
Long-term notes payables		106,443	(7,371)
Net cash flow generated from (used in) financing activities		408,012	(2,142)
Net increase in cash and cash equivalents		75,386	324,379
Cash and cash equivalents at beginning of the year		1,158,759	828,501
Translation differences		28,611	5,879
Cash and cash equivalents at end of the year	17	1,262,756	1,158,759

The accompanying notes on pages 55 to 85 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

1. General information

GB Auto Co. (the Company) is an Egyptian joint stock company incorporated on 15 July 1999 under the name of GB Capital for Trading and Capital Lease and under Law No. 159 of 1981. The company is commercially registered under No. 3422, Cairo.

Based on the decision of the Extraordinary General Assembly Meeting held on 26 April 2007, it was agreed to changing the Company name to be GB Auto. The update of the company's name was approved in the commercial register on 23 May 2007.

The company is located in the Industrial Zone – Abou Rawash Kilo meter 28 Cairo – Alexandria Desert Road, Arab Republic of Egypt.

The company and its subsidiaries (will be referred to as "the Group") main activities include trading, distributing and marketing of all transportation means including heavy trucks, semi trucks, passenger cars, buses, mini buses, micro buses, agriculture tractors, pick-ups, mechanical tools equipments for sail movement and motors with their different structures and types whether locally manufactured and imported (new and used ones) and trading in spare parts and accessories whether locally manufactured or imported. The Group also undertakes import and export activities, trading agencies, selling locally manufactured and imported products for cash, on credit or through finance leasing. The group also provides group transportation services and cargo services.

The major shareholders of the company are Dr. Raouf Ghabbour and his family who collectively owns approximately 70.56% of the Company shares.

The consolidated financial statements are approved for issuance by the chairman and managing director on 5 March 2013.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are summarized below.

A. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS) and applicable laws and regulations. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value.

The preparation of consolidated financial statements in conformity with Egyptian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the consolidated financial statements are disclosed in Note 4.

EAS requires the reference to International Financial Reporting Standards (IFRS) when there is no EAS, or legal requirements that explain the treatment of specific balances and transactions.

B. Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and minority interests

The Group recognize transactions with minority interests as transactions with non related parties to the Group. Gains and losses resulted from selling equity to minority interest are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between the consideration paid and carrying value of the share acquired of net assets of the subsidiary.

If the losses applicable to the minority in a consolidated subsidiary exceed the minority interest in the subsidiary's equity, the excess, and any future losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

C. Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Egyptian Pounds which is the Group's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(3) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates during the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); And all resulting exchange differences are recognised as a separate component of equity.
- The foreign currency exchange results arising from translation of the net investment in entities and loans or financial instruments in foreign currencies allocated to cover these investments are recognized in the equity on the consolidate financial statement. The foreign currencies exchange charged to the equity are recognized as part of gain or loss upon the disposal of these investments.

D. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual values over the estimated useful lives of assets excluding land, which is not depreciated. Estimated depreciation rates of assets are as follows:

Buildings	2% - 4%
Machinery & equipment	10% - 20%
Vehicles	20% - 25%
Fixtures & office furniture	6% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains (losses) – net, in the income statement.

Repairs and maintenance are charged to the statement of income during the financial year in which they are incurred. The cost of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset or the estimated useful life of the renovation, whichever is less.

E. Intangible assets

i. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

The management annually assesses whether the carrying amount of goodwill is fully recoverable. Impairment losses on goodwill are charged to the statement of income and are not reversed.

Gains and losses on the disposal of investments in subsidiaries / associates include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit directly from the business combination in which the goodwill arose.

ii. Exclusive agency and trading rights

The amounts paid against agency right are recognized as intangible assets and amortized over 25 years.

iii. Computer software

Costs associated with developing or maintenance of computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Expenditure to acquire computer software is capitalized and included as an intangible asset.

Computer software costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a year of 3 years.

iv. Knowhow

The amounts paid against knowhow are recognized as intangible assets in case of knowhow have a finite useful life and amortized over their estimated useful lives.

The Company assesses the estimate useful life of the knowhow agreement with Hyundai Corporation Company for Vehicles Manufacturing under trade name of Hyundai Sonata.

The estimated useful life has been determined based on the number of vehicles expected to be sold under this agreement.

The statement of income is charged with amortization expense equivalent to the percentage of number vehicles sold divided total number of vehicles expected to be sold under this agreement.

F. Impairment of non-financial assets – long-term

Property, plant, equipment, and other non-current assets, including intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of income for the year for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable cash flows.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or has decreased. Impairment losses are also reversed to release the impairment amount that is equal to the depreciation for the year of the impaired balance. The reversals are recorded in income statement.

G. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

H. Investments available for sale

The investments available for sale are initially recognized at their fair value at the acquisition date. Subsequently, available for sale investments are measured at fair value (market value) and the changes in fair value are recognized as available for sale reserve in the equity. The reserve related for an available for sale investment is realized in income statement when such investment is disposed.

Unquoted investments in equity instruments (have no market value in active market) are recognized at its acquisition cost, if its fair value could not be accurately determined through acceptable evaluation method. The carrying amount is decreased by any impairment which is charged to the statement of income per each investment.

I. Lease

Finance lease

For leases within the scope of Law 95 of 1995, lease costs including maintenance expense of leased assets are recognized in income statement in the year incurred. If the Company elects to exercise the purchase option on the leased asset, the option cost is capitalised as property, plant, and equipment and depreciated over their expected remaining useful lives on a basis consistent with similar assets.

Other finance leases that do not fall under the scope of Law 95 for 1995, or fall within the scope of Law 95 of 1995 but do not fall under the scope of EAS No.20 (Accounting Principles and Standards Attributable to Finance Lease) also in case the company will sale property, plant and equipment and leasing it back the asset is capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest charge on the outstanding finance cost balance. The finance lease obligations, net of finance charges, are classified as liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant rate of interest over the remaining balance of the liability for each period. Assets acquired under this type of finance lease are depreciated over the shorter of the useful life of the assets or the lease term.

Gains arising from the excess of the collected payments over the book value of the non-current assets that are being sold and leased back through finance leases are deferred and amortized over the lease term and charged directly to the income statement.

Operating lease

Lease payments under an operating lease (excluding any incentives received from the lessor over the contract period) shall be recognized as an expense charged to the statement of income for the year on a time pattern basis and accrued base.

J. Investment property

Investment property is measured at fair value. The fair value is the value of which the property could be traded between knowledgeable and willing parties in an arm's length transaction. Any gain or loss arising from a change in the fair value of investment property is recognized in the income statement in the same year of change. The fair value of the investment property is reviewed at each balance sheet date based on the market value which is determined by independent expert.

K. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

L. Financial assets

(i) Classification

The Group classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition as following.

- Financial assets at fair value through profit or loss.
- Held to maturity.
- Loans and receivables.
- Available-for-sale financial assets.

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b. Held to maturity
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has the intention and ability to hold it to maturity other than:

1) Those that the company upon initial recognition recognize them as at fair value through profit or loss
2) Those that the company recognize them as available-for-sale; and
3) Those that meet the definition of loans and receivables.

c. Loans and receivables
Loans and receivables are non-derivative financial assets with specified or determinable value that are not quoted in an active market. They are included in current assets, if their maturities are less than 12 months after the balance sheet date. If not they are classified as non-current assets.

d. Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives financial assets that are either classified under this category at acquisition date or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose it within 12 months of the balance sheet date.

(ii) Reclassification
The Group may choose to reclassify the financial assets other than non-derivative that are not going to be available-for-sale or repurchased it in the near future out of financial instruments at fair value through profit or loss if this instrument has not been initially recognised by the company as financial assets at fair value through profit or loss.

Financial assets other than loans and receivables are permitted to be reclassified out of the financial assets at fair value through profit or loss category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near future. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the financial assets at fair value through profit or loss or the available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(iii)Measurement and subsequent measurement
Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At the balance sheet date, available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held to maturity, loans and receivables are carried at amortised cost using the effective interest method

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognized in the income statement in the period which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group has the right to receive these dividends.

Changes in the fair value of monetary securities debt instruments (bonds, treasury bills) denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in the income statement, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Interest on available-for-sale securities (bonds, treasury bills) calculated using the effective interest method is recognised in the income statement as part of financial income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group has the right to receive these dividends.

The Group assesses at balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets are impaired.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains or losses from investment securities'.

M. Trade receivables and notes receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than granted credit limits) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate used to determine the amortized cost. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

N. Cash and cash equivalent

In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

For the purposes of the consolidated cash flow statement presentation, cash and cash equivalents comprise cash on hand, banks deposits held at call, banks deposits and treasury bills with original maturities of year or less.

O. Share capital

Ordinary shares are classified as equity. Share premiums, if any, are taken to statutory reserve. The costs of issuing capital and amounts collected from shareholders to recover such costs are taken to the statutory reserve initially, and if it exceeded the share premium for the same shares the excess amount is posted to special reserve in equity.

Where the Company or it's subsidiaries purchases share capital of the parent company, the consideration paid including any attributable incremental external costs is deducted from total shareholders' equity of the parent company as treasury shares until they are cancelled, sold, or reissued within one year from the date of purchase. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity of the parent company.

P. Share based payments

The Company has equity settled share based compensation plan. Equity settled share based payments are measured at fair value determined at the grant of the equity settled share based payments. The fair value of the share based payment is charged over the vesting period based on the Company's estimate of awards that will eventually vest.

Q. Loans and borrowings

Loans are recognised initially at the amount of the proceeds received, net of transaction costs incurred. Loans are subsequently carried at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the borrowings periods.

The fair value of the liability portion of a convertible loan is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability at the initial recognition and subsequently carried at an amortised cost until the nearest of conversion or maturity of the bonds. The difference between the proceeds and the fair value of the liability portion is recognised in shareholders' equity.

Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for more than 12 months after the balance sheet date.

R. Employee benefits

(1) Defined contribution plan

The Group pays contributions to the Public Authority for Social Insurance retirement plans on a mandatory basis based on the rules of the social insurance law. Once contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net year costs for the year in which they are due and as such are included in staff costs.

(2) Profit sharing

When the Group pays cash dividends, the employees are entitled to 10% of those dividends as profit sharing. This is normally paid in installments during the year. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Group's shareholders. No liability is recognized for profit sharing related to undistributed profits.

S. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

T. Trade payables

Trade payables are recognized initially at the value of goods or services received from others, and subsequently measured at amortized cost using the effective interest rate.

U. Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

All derivatives are presented as assets when it's fair value is positive and as liabilities when it's fair value is negative.

V. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of sales tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods – wholesale

Sales of goods are recognised when a Group entity has delivered products to the wholesaler, the wholesaler has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been delivered either in the Group entity warehouse or in the wholesalers locations depending on the agreements. Accordingly, the risks and benefits have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

No element of financing is deemed present as the sales are made on a short credit term basis.

(b) Sales of goods – retail

The Group operates a chain of showrooms for selling. The retail sales are usually made in instalments.

Instalment sales revenues are those that require the payment of the value in instalments that are charged at sale price excluding interest as revenues on the sales date. The selling price is the present value of the instalments and is determined by discounting the value of the instalments due using the interest rate applicable. The deferred interest income is charged as a revenue when due and on the basis of the matching principle, taking into account the applied interest rate on the transaction.

(c) Sales of services – maintenance

The Group's entities sells a maintenance service. That service is provided on a time and material basis. Revenue from time and spare parts is recognised on delivering the services.

(d) Lease

Lease income is recognized on the basis of the rate of return on the lease contract plus an amount equal to the depreciation charge for the period and the difference between the recognized lease revenue and the gross receivable is deferred in the balance sheet in the same financial year in a separate account either debit or credit and is offset against the net book value of the leased asset on termination of the lease contract.

(e) Interest income

Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

W. Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

X. Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segment. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in another economic environment.

Y. Dividends

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Group's shareholders.

Z. Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

3. Financial risk management

(1) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange rates risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's efforts are addressed to minimize potential adverse effects of such risks on the Group's financial performance.

Market risk

i. Foreign currency exchange rate risk

The Group is exposed to foreign exchange rate risk arising from various currency exposures, primarily with respect to the US Dollar, Euro and other currencies. Foreign exchange rate risk arises from future commercial transaction, recognised assets and liabilities and net investments in foreign operations where its functional and presentation currency differ from that used by the Group

The below table shows the foreign currency positions, presented in EGP:

	2012			2011
	Net Assets	Net Liabilities	Net Assets	Net Liabilities
United States Dollars	354,078	(709,796)	(355,718)	382,812
Euros	283	(956)	(673)	(542)
Other currencies	93,130	(841)	92,289	(13,130)

ii. Price risk

The Group has no investments in a quoted equity securities so it's not exposed to the fair value risk due to changes in prices.

iii. Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term loans. Long-term loans issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Loans and borrowings at the balance sheet date with variable interest rates amounted to EGP 1,907,412 and the loans and borrowings with fixed interest rate amounted to
EGP 615,384. The fair value for borrowings with fixed interest rate is approximately near its fair value at the balance sheet date.

Financial assets that carry fixed interest rates are amounted to EGP 734,688 as of 31 December 2012 (31 December 2011: EGP 609,775).

		2012	2011
Time deposit	US $	607,202	311,884
Treasury bills	EGP	91,202	280,519
Time deposit	EGP	36,284	17,372
		734,688	609,775

iv. Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesalers and retail customers, including outstanding receivables and committed transactions.

For banks and financial institutions, the Group is dealing with the banks which have a high independent rating and banks and financial institutions with a good reputation.

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

For the wholesalers, the Credit Controllers assess the credit quality of the wholesale customer, taking into account their financial position, their market reputation, past experience and other factors.

For individuals the legal arrangements and documents accepted by the customer are minimizing the credit risk. Provisions are accounted for doubtful debts on an individual basis.

The ratio of allowance for impairment of accounts and notes receivables is as following:

	2012	2011
Notes and accounts receivables	1,095,110	913,128
Allowance for impairment of accounts and notes receivable	(257,406)	(249,587)
Allowance receivables	24%	27%

v. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group's management aims at maintaining flexibility in funding by keeping committed credit lines available.

(2) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and borrowings and notes payables, less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The gearing ratios at 31 December 2012 and 31 December 2011 were as follows:

Description	2012	2011
Total loans and borrowings and notes payable		
Borrowings	2,517,654	2,053,557
Notes payable long-term suppliers	115,533	9,090
Notes payable short-term suppliers	73,234	43,373
Notes payable short-term – lease contract	-	633
Total loans and borrowings	2,706,421	2,106,653
Less: cash and cash equivalent	(1,262,755)	(1,158,759)
Net debt	1,443,666	947,894
Total shareholders' equity	2,106,259	1,983,980
Total capital	3,549,925	2,931,874
Gearing ratio	41%	32%

(3) Fair value estimation

The fair value of financial assets or liabilities with maturity dates less than one year is assumed to approximate their carrying value. The fair value of financial liabilities – for disclosure purposes – is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The

Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt.

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. At the balance sheet date, the fair value of non-current liabilities do not significantly differ from their carrying amount.

4. Critical accounting estimates and judgments

(1) Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a. Impairment of investment property

The evaluation of the fair value of investment property which consists of lands and buildings is based on an independent expert.

The independent expert uses technical elements for the evaluation such as the location, area and usage. The management do not expect a negative effect on the operations results by the change in the fair value of investment property related to the Group lands and buildings and there is no recognition for the increase in fair value in the income statement.

b. Impairment of accounts and notes receivables

The evaluation of the impairment value in accounts and notes receivables is made through monitoring aging of the receivable. The Group management is studying the credit position and the customers' ability to pay their debts falling due within the credit limits granted to them. Impairment is recorded at values of the due amounts on the customers where the Group management determine that their credit position does not allow them to settle their liabilities.

c. Warranty provision

The Group provides warranty for the manufacturing defaults concerning the local manufactured products.

The warranty provision is estimated based on the expected cost for providing the warranty service. These costs include the value of spare parts, labour cost and a share of indirect costs. This estimation is based on management experience resulting from the actual warranty costs for the 3 preceding years. Management does not take into consideration the present value of the expected warrant cost when estimating the warranty provision, and also the inflation rate is not considered for this purpose.

d. Income tax

The Group companies are subject to corporate income tax. The Group estimates the income tax provision by using the advice of an expert. In case there are differences between the final and preliminary results, these differences will affect the income tax and deferred tax provision in these periods.

e. Impairment of goodwill

The management annually assesses the goodwill to determine the existence of impairment in the carrying amount. If the carrying amount of the goodwill is higher than its recoverable amount, the carrying amount will be reduced and the impairment losses will be charged to the statement of income and cannot be reversed.

(2) Critical Judgements in applying the Group accounting policies

In general, applying the Group accounting policies does not require judgments (apart from those involving estimates refer to in Note 4-1) that have significant effects on the amounts recognized in the financial statements.

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

5. Property, plant and equipment

	Land & buildings	Machinery & equipment	Vehicles	Fixtures & office furniture	Projects under construction	Total
Cost						
Balance at 1 January 2012	1,014,658	276,734	297,339	143,895	387,243	2,119,869
Foreign currency translation differences	385	69	28	971	-	1,453
Additions	94,168	25,874	128,290	22,054	164,019	434,405
Transfers from projects under construction	272,405	150,462	361	3,869	(427,097)	-
Disposals	(2,478)	(4,021)	(51,504)	(1,250)	-	(59,253)
Transfers to assets held-for-sale	(331,613)	-	-	-	-	(331,613)
Transfers to used cars inventory	-	-	(55,914)	-	-	(55,914)
Balance at 31 December 2012	1,047,525	449,118	318,600	169,539	124,165	2,108,947
Accumulated depreciation						
Balance at 1 January 2012	56,491	106,303	97,441	56,960	-	317,195
Foreign currency translation differences	385	16	3	139	-	543
Depreciation charge	13,074	28,845	57,512	23,033	-	122,464
Disposals	-	(1,979)	(23,935)	(863)	-	(26,777)
Transfers to assets held-for-sale	(1,615)	-	-	-	-	(1,615)
Transfers to used cars inventory	-	-	(23,924)	-	-	(23,924)
Balance at 31 December 2012	68,335	133,185	107,097	79,269	-	387,886
Net book value at 31 December 2012	979,190	315,933	211,503	90,270	124,165	1,721,061
Net book value at 31 December 2011	958,167	170,431	199,898	86,935	387,243	1,802,674

- Projects under construction represent the cost of buildings and factories expansions which are being prepared and fixed for the Group use.

The vehicles include financially leased passenger cars that fall outside the scope of EAS No. 20 which are treated in accordance with IAS 17, and therefore will be considered as property, plant and equipment as stated above in the Group accounting policies (2D), and their net book value is as follows:

	2012	2011
Capitalized finance leases - cost	10,625	10,625
Accumulated depreciation	(10,625)	(5,788)
Net book value	-	4,837

The Group has finance leased assets (trailers and buses) according to contracts under Law No. 95 for 1995, that is not considered as property, plant and equipment according to the accounting policies (2I) and according to the requirement of the Egyptian Accounting Standards (No. 20) it recognizes the annual lease payments as an expense in the income statement for the period and the leased contracts are as follows:

	2012	2011
Total contractual lease payments	40,699	32,695
Total purchase price on termination of leases	69	86
Average useful life	5 Years	5 years
Lease payments for the year	5,269	7,500

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

Finance leased assets

Property, plant and equipments include assets leased to others, under finance lease contract which are subject to Law No. 95 for 1995 as follows:

	2012	2011
Cost	366,911	220,629
Accumulated depreciation	(84,906)	(56,481)
Net book value	282,005	164,148

6. Intangible assets

	Goodwill	Exclusive agency and trading rights	Computer software	Knowhow	Total
Cost					
Balance at 1 January 2012	178,375	81,321	13,648	5,703	279,047
Foreign currency translation differences	-	8,615	-	-	8,615
Additions	-	-	518	-	518
Balance at 31 December 2012	178,375	89,936	14,166	5,703	288,180
Accumulated amortization					
Balance at 1 January 2012	-	-	12,301	5,703	18,004
Amortization charge	-	-	1,118	-	1,118
Balance at 31 December 2012	-	-	13,419	5,703	19,122
Net book value at 31 December 2012	178,375	89,936	747	-	269,058
Net book value at 31 December 2011	178,375	81,321	1,347	-	261,043

Goodwill

- On 28 March 2007, the Company and its subsidiaries fully acquired the shares of Cairo Individual Transport Industries “CITI” by acquiring 49.03% which were owned by the minority at a value of EGP 209,997 and obtained by issue of ordinary shares from GB Auto (Note 23-C). The acquisition resulted in a goodwill amounting to EGP 177,375 thousands which represents the increase in the acquisition value over the fair value of the Company’s acquired assets. This goodwill has been allocated as an asset of Cairo Individual Transport Industries “CITI”.
- On 8 September 2008, the Company and its subsidiaries acquired the shares of the GB for Capital Lease (S.A.E) which the Company’s main activity is financial leasing and the acquisition resulted in goodwill amounted to EGP 1,000 thousands.

Impairment test of good will

The management assesses annually at the balance sheet date at 31 December whether the carrying amount of the goodwill is fully recoverable, unless there are indicators regarding the impairment of such goodwill.

Goodwill is allocated to the Group’s cash generating units identified according to operating segments as presented below.

	2012	2011
Two and three wheels	177,375	177,375
Capital leasing activity	1,000	1,000
	178,375	178,375

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

An operating segments level summary of the goodwill allocation are determined based on value in use calculations. These calculations use the discounted cash flow projections based on financial budget approved by the Board of Directors covering five years period using the following assumptions as of 31 December 2012:

	2011
Average gross margin	24%
Discount rate	22%
Growth rate beyond budget period	3%

Management determined budgeted gross margin based on past performance and its expectations of the market development.

The recoverable amount of the goodwill is not less than the carrying amount at the balance sheet date.

Exclusive agency and trading rights

- Represented in consideration paid by the Group to enter with Iraqi partner to form a subsidiary and to get the exclusive agency and trading rights for Hyundai cars in Iraq by the new subsidiary. This consideration will be amortized over the expected life of the subsidiary which estimated to be 25 years.

7. Investment in associates

	2012	2011
GB Trade-In Co.	2,414	2,414
Impairment for investment in associates	(2,414)	-
Total	-	2,414

8. Long-term notes receivables

	2012	2011
Long-term notes receivable	56,869	25,741
Deferred interest on installment sales	(14,074)	(4,421)
Net present value for long-term notes receivable	42,795	21,320
Allowance for impairment of notes receivable	(642)	(1,094)
Net	42,153	20,226

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

9. Deferred tax assets and liabilities

	Fixed and Intangible Assets	Carry forward losses	Inventory Provision	Warranty Provision	Legal Claims Provision	Total 2012	Total 2011
A. Deferred tax assets							
Balance at 1 January	22	5,195	6,427	4,171	395	16,210	14,495
Charged to the income statement	48	861	1,333	637	-	2,879	1,715
Balance at 31 December	70	6,056	7,760	4,808	395	19,089	16,210
B. Deferred tax liabilities							
Balance at 1 January	31,096	-	-	-	-	31,096	26,568
Charged to the income statement	24,027	-	-	-	-	24,027	4,831
Un-utilization of convertible loan option	-	-	-	-	-	-	(303)
Balance at 31 December	55,123	-	-	-	-	55,123	31,096
Net deferred tax (liability) / assets	(55,053)	6,056	7,760	4,808	395	(36,034)	(14,886)
Balance at 1 January	(31,074)	5,195	6,427	4,171	395	(14,886)	(12,073)
Charged to the income statement	(23,979)	861	1,333	637	-	(21,148)	(3,116)
Un-utilization of convertible loan option	-	-	-	-	-	-	303
Balance at 31 December	(55,053)	6,056	7,760	4,808	395	(36,034)	(14,886)

Unrecognised deferred tax assets

The following deferred tax assets were not recognized due to the uncertainty that those items will have a future tax benefit.

	2012	2011
Allowance for impairment of accounts and notes receivables	64,352	62,397
Allowance for impairment of other debit balances	2,661	1,901

10. Investment property

	2012	2011
Balance at 1 January	5,481	5,436
Selling of investment property	(2,671)	-
Revaluation gain	307	45
Balance at 31 December	3,117	5,481

Investment property represents values for land and buildings transferred to the Group as settlement for debts of some receivables. The Investment property is presented in non-current assets as the management has no intention to sell these assets in the near future.

The Company engages an independent technical expert at the end of the financial year for the re-valuation of these assets and define their fair market value. The expert report on the re-valuation of these assets at 31 December 2012, and the fair value of these assets according to the final re-valuation report was EGP 3,117.

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

11. Inventories

	2012	2011
Goods in transit	869,008	309,258
Cars, buses and trucks	413,470	537,621
Raw material and car components	293,903	306,021
Spare parts for sale	156,244	125,248
Used cars	31,990	-
Work in progress	24,955	18,335
Total	1,789,570	1,296,483
Provision for decrease in the net realizable value	(37,301)	(36,637)
Net	1,752,269	1,259,846

12. Assets held for sale

	Land	Building	Total
Cost	317,325	14,288	331,613
Accumulated depreciation	-	(1,615)	(1,615)
Net book value on 31 December	317,325	12,673	329,998

Assets held for sale represented in lands and buildings which the board of directors of the subsidiaries decided to sell it as no longer future economic benefits expected from holding it within the subsidiaries assets.

13. Accounts and notes receivables

	2012	2011
Total notes receivable	489,513	395,367
Long-term notes receivable (Note 8)	(56,869)	(25,741)
Deferred interest on installment sales	(24,398)	(14,168)
Net present value for short-term notes receivable	408,246	355,458
Trade receivable	629,995	531,929
Total	1,038,241	887,387
Allowances for impairment of accounts and notes receivable balances	(256,764)	(248,493)
Net	781,477	638,894

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

14. Debtors and other debit balance

	2012	2011
Advance payments to suppliers	165,841	212,763
Letters of credit	93,020	23,256
Withholding tax	85,496	29,630
Prepaid expenses	40,706	33,847
Refundable deposit	17,462	31,282
Letters of guarantee margin	13,948	13,089
Other debit balances	13,716	21,216
Staff loans	12,025	10,475
Sales tax	9,666	21,872
Prepaid employees dividends	7,787	5,069
Customs duties	7,759	13,522
Accrued interest	183	4,490
Payment under investment	-	20,550
Total	467,609	441,061
Allowance for impairment of debit balances	(10,644)	(7,606)
Net	456,965	433,455

15. Related party transactions

The subsidiaries have current accounts with related parties which include all payments made on behalf of or through the subsidiaries. The subsidiaries collect and pay these amounts regularly.

Below is a list of the balances due from and to related parties.

	2012	2011
Due from related parties		
GK Berline	4,337	8
GB Trade-In Co. (associate)	1,351	1,351
GK EL-Solimania for Vehicle Trading	865	-
El-Kassed for Commercial Agencies	-	1,796
GK El-Moultaqa	-	314
	6,553	3,469

	2012	2011
Due to related parties		
El-Kassed for Commercial Agencies	14,292	-
Marco Polo Company – Brazil	12,225	8,182
GK – El-Moultaqa for Trade and Investment	2,456	-
Due to executive directors	1,281	205
Autos Co. For Car Trading	418	-
EL-Solaimanya for Car Trading	111	-
	30,783	8,387

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

The following is the nature and the values for the cost significant transactions with the related parties during the year:

			Transaction amount	
Related party name	**Relation type**	**Transaction nature**	**2012**	**2011**
Group Executive Directors	Board of director members	Cash transfers	1,076	1,845
		Management compensation	24,060	18,477
Marco Polo Company – Brazil	Contribution in one of subsidiaries	Cash transfers	4,043	1,329
El Kassed for Commercial Agencies	Contribution in one of subsidiaries	Cash transfers	16,088	10,609
GK Berline	Contribution in one of subsidiaries	Cash transfers	4,319	8
GK El Moultaqa for Trade and Investment	Contribution in one of subsidiaries	Cash transfers	2,456	314

16. Treasury bills

	2012	**2011**
Treasury bills (par value)	92,975	283,000
Total Interest income	(2,863)	(8,568)
Total paid	90,112	274,432
Accrued interest till 31 December 2012	1,090	6,087
Treasury bills balance	91,202	280,519

Treasury bills as of 31 December 2012 are as follows:

Purchase date	**Purchase value**	**Total interest income**	**Interest rate**	**Maturity date**	**Accrued interest till 31 December**
1 December 2012	75,875	2,263	12.33%	19 February 2013	1,044
25 December 2012	15,000	469	12.95%	26 March 2013	37
18 December 2012	2,100	131	13.38%	18 June 2013	9
	92,975	2,863			1,090

17. Cash on hand and at banks

	2012	**2011**
Cash on hand and cash at banks	1,074,454	729,585
Checks under collection	99,078	151,456
	1,173,532	881,041

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

For the purpose of the cash flow statement, cash and cash equivalent include cash on hand and at banks and treasury bills with maturities of there months or less, as follows:

	2012	2011
Cash on hand and cash at banks	1,173,532	881,041
Treasury bills	89,224	277,718
	1,262,756	1,158,759

18. Provisions

	Legal Claims	Warranty	Other Provisions	Total
Balance at 1 January 2012	7,284	11,671	24,283	43,238
Foreign currency translation differences	-	-	306	306
Additional provision	1,478	17,091	3,405	21,974
Utilized during the year	(500)	(4,416)	(2,400)	(7,316)
Provisions no longer required	-	(6,651)	(37)	(6,688)
Balance at 31 December 2012	8,262	17,695	25,557	51,514

	Legal Claims	Warranty	Other Provisions	Total
Balance at 1 January 2011	4,626	18,028	18,527	41,181
Additional provision	4,412	470	5,581	10,463
Utilized during the year	(385)	(4,557)	-	(4,942)
Provisions no longer required	(768)	(2,696)	-	(3,464)
Balance at 31 December 2011	7,885	11,245	24,108	43,238

Legal claim

The amounts shown comprises of gross provisions in respect of legal claims brought against the Group. Management opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2012.

Warranty

The Group provides warranties on its products and guarantees to either fix or replace the products that are not working properly. Accordingly, the Group has estimated its warranty liability to be
EGP 17,695 at the end of the year for warranty claims based on management experience for repair and returns in previous years.

The warranty provision includes a long term provision amounted to LE 10,856 (2011: LE 6,865).

Other provisions

Other provisions are related to claims expected to be made by a third party in connection with the Group operations. The information usually required by accounting standards is not disclosed because the management believes that to do so would seriously prejudice the outcome of the negotiation with that third party. These provisions are reviewed by management every year and adjusted based on latest developments, discussions and agreements with the third party.

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

19. Current tax liabilities

	2012	2011
Balance at 1 January	21,445	47,767
Taxes paid during the year	(27,911)	(46,811)
Income tax expense (Note 35)	17,719	73,892
Withholding tax	(5,555)	(53,403)
Balance at 31 December	5,698	21,445

20. Loans and borrowings

	2012			2011		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Banks overdraft	1,750,110	-	1,750,110	1,038,306	-	1,038,306
Loans	28,000	129,302	157,302	8,519	91,369	99,888
Total	1,778,110	129,302	1,907,412	1,046,825	91,369	1,138,194

A. Banks overdraft

The banks overdraft is guaranteed by R.G. Investment Co. and GB Auto Company. The fair values of the overdrafts are approximately equal the net book value and the average interest rate on the Egyptian Pounds and the US Dollars bank overdraft are 11% and 3.7% respectively.

B. Loans

Loans represents the following:

- Bank loans are secured by post dated checks that have been received from the customers. The average interest rates are 4.21% for the loans dominated in US Dollars and 11.92% for the loans in Egyptian pounds. The maturity dates falls within 5 to 7 years, to be settled within 2013 to 2019. The bank loans balance amounted to EGP 88,010 as of 31 December 2012.

- Loan from Marco Polo [a related party - Brazil] in a US dollars with an interest rate of LIBOR + 3%. The maturity dates falls within 2 & 5 years, to be settled within 2013 to 2014. The loan balance amounted to EGP 69,292 as of 31 December 2012.

The fair value for bank loans is approximately near its fair value at the balance sheet date.

The detailed analysis of the bank loans and banks overdraft according to their maturity dates are as follows:

	2012	2011
Less than one year	1,778,110	1,046,825
More than one year and less than five years	129,302	91,369
More than 5 years		
	1,907,412	1,138,194

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

21. Trade payables and other credit balances

	2012	2011
Trade payables	940,048	754,952
Advances from customers	86,483	57,053
Accrued expenses	75,165	24,364
Notes payables (Note 29)	73,234	44,006
Tax Authority	33,912	34,287
Other credit balances	28,279	60,577
Dividends payable	23,698	73,067
Deferred revenues	6,552	7,772
	1,267,371	1,056,078

22. Bond payable

	2012			2011		
	Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Bond liabilities	230,769	384,615	615,384	307,692	615,385	923,077
Less						
Bond transaction cost	(1,929)	(3,213)	(5,142)	(2,571)	(5,143)	(7,714)
Net	228,840	381,402	610,242	305,121	610,242	915,363

Bond issuance

The Group has opened the public subscription in bonds amounted to EGP 1 billion on 14 April 2010, and was closed on 2 May 2010. The bond interest rate is 12% paid quarterly, and the first interest amounted to EGP 51,373 thousands was due and paid on 1 July 2010. The bond will be paid over 13 quarterly instalments, the first instalment will due on 1 January 2012. An amount of EGP 12M was paid as transaction cost, which will be amortized over the Bonds' life, as at 31 December 2012 the balance of this cost amounted to EGP 5,142 thousands.

23. Share capital

	2012	2011
Authorized capital (400 million shares with par value EGP 1 each)	400,000	400,000
Issued and paid capital (129 million shares of EGP 1 each) (in thousands)	129,000	129,000
Treasury shares write off (107 thousands share)		-
	128,893	129,000

Treasury share write off

A number of 107,100 shares was written off by the Company and these shares were purchased at 29 March 2011 with purchasing cost amounted to EGP 3,097 thousands including a par value for the shares amounted to EGP 107 thousands.

Public and private subscription

The Company increased its capital with an amount of EGP 33,163 thousands (shares with par value EGP 1 each) through private and public subscription with total amount of EGP 1,208,855 thousands of which EGP 33,163 (share with par value EGP 1) and EGP 1,175,691 thousands (share premium) resulting in the issued and paid up capital becoming EGP 129,000 thousands. The capital increase was concluded on 9 July 2007.

The following is a list of all the details of the public subscription and private offering:

a. Public subscription

The public subscription was opened on 22 June 2007 and closed at the end of the working day of 2 July 2007. The offered shares are 7.5 million shares with total amount of EGP 277,500,000 and the subscription was received in 29,703,533 shares with a total amount of EGP 1,099,030,721 (only one billion ninety-nine million thirty thousand seven hundred twenty one). The percentage of coverage approximately reached 3.96 times from the number of shares offered for subscription.

The first allocation was done by offering each subscriber 150 shares and the second allocation on the basis of the residual amount of shares subscribed (after deducting 150 shares) to the total shares subscribed after deducting the total shares that were allocated through the first allocation.

In the allocation, fractions of the shares were rounded up in favor of investors with smaller subscription amounts. The second allocation rate reached the value of 20.33%.

b. Private placement

16,712,356 (only sixteen million seven hundred twelve thousand three hundred fifty six) shares are subscribed at a total value of EGP 618,357,172 (nine hundred eighteen millions three hundred fifty seven thousands one hundred seventy two) and at a subscription price of EGP 37 per share.

c. Private placement (shareholders of Cairo Individual Transport Industries Co. “CITI”)

5,675,306 shares (only five million six hundred seventy five thousand three hundred six) are subscribed at a total of EGP 209,997,468 (only two hundred nine millions nine hundred ninety seven four hundred ninety eight) and at price of EGP 37 per share.

d. Private placement (Almora Resources)

3,275,040 shares (only three million two hundred seventy five thousand forty) are subscribed at a total value of EGP 103,000,000 (only one hundred and three millions) and at a price of EGP 31.45 (only thirty one pound forty five) per share.

24. Payment under capital increase

According to the Extraordinary General Assembly meeting decision held on 30 March 2009, the Managing Director reward for his services to the company during the past two years the number of 2,257,500 shares of the Company’s capital shares with vesting for disposal for a period of 3 years meanwhile he has the right in the unvested period to obtain the dividends and the voting rights for these shares, the balance of payments under capital increase above represents the par value of these shares and paid by the Company. The company is taking the action to having the approval of the Capital Market Authority for the issuance of these shares.

25. Shares held by the Group

Shares held by the Group represents the ownership of 3,275,040 shares at the par value of EGP 3,275 thousands in GB Auto Company Capital which is acquired by Almora resources Company one of the Group subsidiaries which is 100% owned by the Group.

The acquisition cost of these shares amounted to EGP 103,000 thousands. The share premium has been reduced by the difference between the acquisition cost and the par value of shares amounted to EGP 99,725 thousands.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

26. Treasury shares

During the prior and current years the Group has the following transactions:

Transaction date	Transactions type	No. of shares	Par value	Transaction price
29 March 2011	Purchasing	107,100 share	EGP 1	3,097
19 April 2011	Purchasing	35,000 share	EGP 1	982
20 April 2011	Purchasing	181,840 share	EGP 1	5,383
31 December 2012	Write off	(107,100) share	EGP 1	(3,097)
April 2012	Sale	(216,840) share	EGP 1	(6,365)
Total		- share		-

A number of 107,100 shares was written off by the Company and these shares were purchased at 29 March 2011 with purchasing cost amounted to EGP 3,097 thousands including a par value for the shares amounted to EGP 107 thousands.

The company sold during the year 216,840 shares at LE 4,251 thousand pounds which originally purchased at LE 6,365 thousand pounds and the special reserve has been reduced by LE 2,114 thousand pounds which represent loss resulting from the difference between selling price and purchase cost.

27. Legal reserve

	2012	2011
Balance at 1 January	214,158	191,704
Transfer to legal reserve	11,311	22,454
Balance at 31 December	225,469	214,158

In accordance with the Companies Law No 159 of 1981 and the Company's articles of association, 5% of annual net profit is transferred to the legal reserve. Upon the recommendation of the management, the Company may stop such transfer when the legal reserve reaches 50% of the issued capital. The legal reserve is not eligible for distribution to shareholders.

The legal reserve included amount of EGP 66,667 related to the Company, the rest of legal reserve balance is related to the rest of Group's Companies.

Share premium

The share premium was transferred to the legal reserve and special reserve according to Law No. 159 of 1981 and General Assembly Meeting dated 29 March 2008:

	2012	2011
Share premium	1,175,691	1,175,691
Less		
Issuance cost	(35,878)	(35,878)
Share premium for treasury shares held by the group	(99,725)	(99,725)
Share premium balance	1,040,088	1,040,088
Transfer to legal reserve	(64,400)	(64,400)
	975,688	975,688

The share premium is the difference between the amount paid and par value for issued shares:

	Paid amount	No. of shares (in thousands)	Face value	Issued capital	shares issuance premium
Public subscription	277,500	7,500	EGP 1	7,500	270,000
Private subscription	618,357	16,712	EGP 1	16,712	601,645
Special subscription (for Cairo Individual Transport Industrial "CITI" shareholders)	209,997	5,676	EGP 1	5,676	204,321
Private subscription Almora Resources Company	103,000	3,275	EGP 1	3,275	99,725
	1,208,854	33,163		33,163	1,175,691

28. Other reserves

	Foreign currency translation reserve	Shares option – managing director	Fixed asset evaluation surplus	Special reserve	Total
Balance at 1 January 2012	37,136	20,984	2,498	975,688	1,036,306
Stock option - managing director	-	1,364	-	-	1,364
Foreign currency translation differences	19,527	-	-	-	19,527
Treasury shares write off	-	-	-	(2,990)	(2,990)
Loss on sale of treasury shares	-	-	-	(2,114)	(2,114)
Balance at 31 December 2012	56,663	22,348	2,498	970,584	1,052,093

The other reserve consists of the determined amount from the net share premium for shares of 2007 less the amount transferred to the legal reserve (Note 25).

The special reserve was decreased by an amount of EGP 2,990 thousands which represents the difference between treasury shares purchasing cost amounted to EGP 3,097 thousands and the par value of these shares amounted to 107 thousands which was written off during the year (Note 24).

The special reserve was decreased by an amount of EGP 2,114 thousands which represents the differences between treasury shares purchasing cost amounted to EGP 6,365 thousands and reselling price amounted to EGP 4,251 thousands (Note 24).

29. Minority interest

	Capital	Reserves	Retained earnings	Total 2012	Total 2011
Balance at 1 January	278,872	2,682	62,388	343,942	303,787
Profit for the year	-	-	58,134	58,134	32,359
Currency translation differences	-	16,556		16,556	2,181
Dividends		-	(21,459)	(21,459)	(1,519)
Capital increase	27,280	-	-	27,280	7,134
Balance at 31 December	306,152	19,238	99,063	424,453	343,942

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

30. Notes payables and creditors long-term

	2012		2011	
	Present Value	Notes Payable	Present Value	Notes Payable
Total notes payables and creditors	188,767	188,987	53,096	53,976
Less than 1 year	(73,234)	(73,234)	(44,006)	(44,006)
	115,533	115,753	9,090	9,970

31. Long-term deferred revenues

The long-term deferred revenues represents the difference between the sale price of land and its carrying amount which is leased back during the period. The resulting capital gain is amortized over the lease contract period which ends on September 2015. In addition this account includes revenue collected in advance of marketing contract which was ended in May 2012.

	2012	2011
Gain on sale and lease back asset	9,636	15,525
Marketing contract deferred revenue	-	500
	9,636	16,025

32. Amounts under settlement on lease contract

This account represents the difference (either positive or negative) between the recognized lease revenue and the gross lease receivable as per revenue recognition policy in Note (4-V/b).

The balance of such accounts will be settled against the net book value of the leased asset at the termination date of the leases contract.

33. Provisions – net

Provisions no longer required:

	2012	2011
Prepaid rent provision no longer required	11,802	-
Warranty provision no longer required	6,651	2,696
Reversing of the impairment in accounts and notes receivable balances	2,283	2,799
Other provision no longer required	37	550
Decrease in the net realizable value of inventory	-	1,089
Legal claims provision	-	768
Total provision no longer required	20,773	7,902

Provision expense:

	2012	2011
Warranty provision	(17,091)	(471)
Allowances for impairment of accounts and notes receivable balances	(10,696)	(5,942)
Other provisions	(3,405)	(5,000)
Allowance for impairment of debit balances	(3,038)	(3,423)
Impairment for investment in associate	(2,414)	-
Provision for legal claims	(1,478)	(4,412)
Provision for decrease in the net realizable value of inventory	-	(4,822)
Total provision expense	(38,122)	(24,070)
Net	17,349	16,168

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

34. Stock option fair value for the managing director

The shareholders decided in the Extraordinary General Assembly Meeting held on 30 March 2009 to grant the managing director Dr. Raouf Ghabbour under the employees stock option plan a free shares amounting to 2,257,500 shares as rewarding for his services for the Group under the condition of serving the Group for 3 years starting from the date of assigning those shares to him. After the three years the shares ownership will be transferred to him.

The fair value of the share has been revaluated as of 31 December 2012 as follows:

Description	Amount
Number of shares	2,258
Share fair value at the grant date 30 March 2009	10.9
	24,607
3 years (restriction period) starting from 2009	3
The period's portion since granting date till 31 December 2012	24,607
Total amounts that were charged in prior years	(23,243)
Charged during the year	1,364

The shareholders equity was charged with EGP 24,607 thousands as follows:

	Amount
Payments under capital increase	2,258
Other reserves (Note 27)	22,349
Total charged on equity	24,607

35. Finance costs - net

	2012	2011
Treasury bills interest income	19,698	22,927
Interest income	18,043	19,560
Installment sales interest	3,331	1,811
Interest expenses	(197,351)	(139,189)
Bonds Interest expenses	(99,634)	(122,571)
Net foreign exchange transaction losses	(44,269)	(1,771)
	(300,182)	(219,233)

36. Income tax

	2012	2011
Current income tax	17,719	73,892
Deferred income tax	21,148	3,116
Income tax	38,867	77,008

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

	2012	2011
Consolidated net profit for the year before taxes and minority interest	314,797	299,995
Income tax calculated at a tax rate of 20% for the first LE 10 million and 25% for the rest	71,159	70,006
Tax losses not recognized before	19,557	16,697
Expenses not deductible for tax purposes	10,820	9,603
Income not subject to tax	(61,864)	(19,298)
Utilization of provisions previously subject to tax	(805)	-
Income tax for the year	38,867	77,008

37. Earnings per share

i. Basic

Since there is no suggested profit distribution account, accordingly the base used to calculate the net profit available for the shareholders was based on the net profit for the year without deducting the employees share and the board of director bonus.

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares issued during the year, and after deducting the shares held by the Group and shares held as treasury shares.

	2012	2011
Profit attributable to equity holders of the Company	217,796	190,628
Weighted average number of ordinary shares in issue	128,833	128,766
Basic earnings per share	1.69	1.48

The weighted average number of ordinary shares was calculated as follows:

	No. of shares	Period	Weighted averages
Number of shares till 11 April 2012	128,676K shares	101 days	35,606
Number of shares from 12 April 2012 till 31 December 2012	128,893K shares	264 days	93,227
			128,833

ii. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2012	2011
Net profit attributable to shareholders	217,796	190,628
Weighted average number of ordinary shares in issue	128,833	128,766
Stock option for the managing director		
Convertible loan	2,258	2,258
Weighted average number of ordinary shares	131,091	131,024
Diluted earnings per share	1.66	1.45

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

38. Income statement by nature

	2012	2011
Sales	8,290,147	7,415,292
Direct manufacturing cost	(7,059,430)	(6,370,702)
Overhead cost		
Salaries	(79,863)	(71,067)
Others	(80,814)	(90,220)
Gross profit	1,070,040	883,303
Interest income	37,741	42487
Other income	27,712	20,035
Provisions no longer required	20,773	7,902
Interest on installment sales	3,331	1,811
Employees salaries and benefits	(202,044)	(130,535)
Interest expense	(197,351)	(139,189)
Bonds interest expenses	(99,634)	(122,571)
Selling and marketing	(64,316)	(70,769)
Rent expense	(48,232)	(35,672)
Forex gain (loss)	(44,269)	(1,771)
Depreciation and amortization	(25,506)	(27,974)
Transportation	(22,468)	(14,596)
Provisions	(38,122)	(24,070)
Consulting and advisory services	(15,713)	(11,894)
Vehicles expenses	(14,240)	(9,199)
IT and network and pc's expenses	(11,258)	(7,786)
Hounability	(11,750)	(5,379)
Governmental fees, stamps, etc.	(7,347)	(7,007)
Safety and security expenses	(6,163)	(6,024)
Insurance	(5,832)	(3,792)
Telecommunication	(5,242)	(3,944)
Other expenses	(3,518)	(8,400)
Administration supplies	(5,932)	(4,698)
Utilities	(4,254)	(3,306)
Bank charges	(4,197)	(2,621)
Repair and maintenance shipping	(3,343)	(5,836)
Stock option fair value bonus for managing directors	(1,364)	(4,693)
Shipping	(935)	(675)
Donations	(515)	(2,052)
Public relations expenses	(789)	(597)
Gifts	(466)	(493)
Net profit before tax	314,797	299,995

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

39. Segment reporting

	Passenger Car		Buses and Trailers		Two & Three Wheels		Other Operation		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues	6,050,515	5,741,614	465,491	340,662	1,208,971	1,001,598	565,170	331,418	8,290,147	7,415,292
Segment profit	720,416	566,563	20,439	7,210	228,492	255,659	100,693	53,874	1,070,040	883,303
Selling and marketing expenses									(159,152)	(107,814)
Administration expenses									(304,908)	(254,248)
Other income									27,712	20,035
Provisions – net									(17,349)	(16,168)
Other expense									-	(1,187)
Stock option fair value bonus for managing directors									(1,364)	(4,693)
Operating profit									614,979	519,228
Finance cost									217,796	(219,233)
Income tax									58,134	(77,008)
Net profit for the year									275,930	222,987
Profit is attributable to:										
Shareholders of the parent									217,796	190,628
Minority interest									58,134	32,359
Net profit after minority interest									275,930	222,987
Segment assets	4,281,039	3,313,551	1,320,160	1,337,492	329,641	274,497	715,634	677,318	6,646,474	5,602,858
Investment in associates	-	-	-	-	-	-	-	2,414	-	2,414
Total distributed assets	4,281,039	3,313,551	1,320,160	1,337,492	329,641	274,497	715,634	679,732	6,646,474	5,605,272
Segment liabilities	2,860,356	1,888,795	338,058	279,593	85,770	74,297	831,578	1,034,665	4,115,762	3,277,350
Capital expenditures	186,353	153,642	43,110	84,169	-	4,482	204,942	28,455	434,405	270,748
Depreciation	36,184	59,014	27,955	27,572	862	1,967	57,499	43,410	122,500	131,963

40. Contingent assets and liabilities

a. Contingent assets

The Group raised a legal claim against Egyptian Development Bank (EDB) amounting to EGP 67 million which represents the value of the notes receivable of the Group customers deposited in the bank for collection. The bank did not perform due care in collection of these notes receivable nor took a legal action against the customers which led to the expiry of these notes and a foregoing of the Groups right in collecting them or taking a legal action. Based on the advice of legal council, the Group expects judgment in its favor which will lead to reversal of impairment provision of
EGP 23 millions includes an amount of EGP 23 million against the value of these notes receivables.

(In the notes all amounts are shown in thousand Egyptian pounds unless otherwise stated)

b. Contingent Liabilities

There are contingent liabilities on the Group presented in letters of guarantee. The balance of the letters of grantee granted in Egyptian Pounds, United States Dollars and Japanese Yen through it is regular operations, presented in EGP as follows:

	2012	2011
USD	699,344	624,322
EGP	39,802	42,644
Japanese Yen	536	78

41. Capital commitments

The capital expenditure commitment at the balance sheet date reached EGP 43,332 thousands representing amounts to be paid for the new production lines currently under construction.

42. Subsidiaries

The Group consolidated financial statements include the financial statements of the following subsidiaries.

Company	Percentage of ownership
RGI Investment S.A.E	100%
International Trade Agencies and Marketing Co. (ITAMCO) S.A.E	99.449%
Egyptian Vehicles Manufacturing Co. (Ghabbour Egypt) S.A.E	99.528%
Ghabbour Continental Trading Co. (GCT) S.A.E.	100%
GB Polo Buses Manufacturing S.A.E.	51%
Almora Recourses Co. S.A.E	100%
Haram Transportation Co. S.A.E.	99%
GB Company for capital lease S.A.E.	100%
Haram for Tourism S.A.E.	100%
GB Allab Company (Algerian Company)	51%
Microfinance consultancy Services “Mashro’ey” (S.A.E.)	85%
Universal Group for Trading (GK Auto)	50%
GB Logistics (S.A.E.)	99.98%
GB Capital (S.A.E.)	99%
Drive Automotive (S.A.E.)	90%
Drive Finance (S.A.E.)	90%
Ghabbour Al Kalam	68%

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Reuters Code: AUTO.CA
Bloomberg Code: AUTO.EY
Number of Shares Outstanding: 129,000,000

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